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GUIDEBOOK
FOR
PROJECT DEVELOPMENT OFFICERS

Office of Project Development
Africa Bureau
July 1983

PREFACE

The purpose of the Guidebook for Project Development Officers is to help Africa Bureau project development officers in AID/W and elsewhere to sort through the myriad of A.I.D procedures and guidances. While this guidebook can be used by all PDO personnel, it is particularly meant to be a guide to PDOs new to the Africa Bureau. From time to time, this guidebook will be revised to reflect changes in Bureau procedures and guidance.

We wish to thank the many individuals over the past several months who have contributed hours of staff time to development of this guidebook.

The Africa PD Management Team

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Africa Bureau Procedures for Review and Approval of Projects

- ATTACHMENT A - Delegation of Authority 551
- ATTACHMENT B - Procedures for Review and Approval of Projects (Mgt. Notice 88-21)
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- ATTACHMENT P - Request for Issuance of Work Order and PIO/T
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I. INTRODUCTION TO PD: A CONCEPTUAL FRAMEWORK

A. MANDATE STATEMENT

Provision of a clear mandate for AFR/PD staff is not an easy task, although formal points of reference do exist. These include Handbook 17 (PD Office and Division mandate statements), Handbook 33 (PDO profile statements), and EER Work Requirements statements. These statements tend to be vague and static and do not reflect the evolution of PD responsibilities within the AFR Bureau. Two major changes have occurred recently:

the break-up of AFR/DR in 1983, which generated the new offices of AFR/PD and AFR/TR and led to considerable rethinking of their respective mandates;

an evolution in delegations of authority from AID/W to field Missions, the current state of which is summarized in DOA 551 (See Attachment A).

This shift in authorities to the field has meant that PD divisions in AID/W have moved back from the front lines of actually "doing" the design, evaluation and implementation which previously characterized them, to more of an oversight and "quality control" posture. Sample PDO time and motion surveys done in 1986 and 1987 confirmed these shifts. There is every reason to believe that such trends will continue as long as decentralization of management remains an agency objective.

In late 1986, the Director of AFR/PD introduced the concept of a broad vision of the AFR/PD mandate as one in which we strive to positively influence the quality of AFR Bureau development activities (including DA, ESF and food aid resources). This statement related the specific values of program excellence, intellectual integrity, teamwork, initiative and service - all of which represent points of reference in defining the AFR/PD mandate.

1. Framework for Action

Based on the above, the PDO assigned to AFR/PD works in

the following three broadly defined categories:

Serves as a manager of the AID/W review process for project and non-project assistance. The PD-led Project Committee (PC) is the primary formal vehicle for pursuing this role and is utilized for all major AID/W document reviews (DA, ESF or "developmental" food aid proposals, evaluations and any ad hoc project decision-making responsibilities). PD also coordinates the project delegation of authority process, whether at the ABS or PID-level. AFR/PD is expected to undertake this role in a collaborative and analytically rigorous manner. It is expected to conduct such reviews so as to ensure maximum contributions from other offices and bureaus.

To serve as a systematic & analytical conduit of information on field implementation performance. This role is recognized by AID/W decision-makers as being of vital importance in an era of increasing decentralization. It is also critical to field posts that accurate feedback be provided to AID/W in a systematic manner since Washington decisions (policy, budget, personnel) directly condition the content of the local USAID portfolio. The PD-led Project Implementation Review (PIR) process is the primary vehicle for addressing this role. The PIR framework integrates various aspects of the AID/W evaluation process (PES reports, selected analytical documents). PD participation in Bureau strategic and programmatic reviews (ABS, CDSS, Action Plans) provides regular opportunities for integrating feedback on field performance into Bureau programming decisions.

To serve as Mission backstop on selected project implementation actions, as appropriate. PD is the Mission's front-line agent for such project implementation actions as waiver requests, special delegations of authority, chairing of contractor selection panels, PIO's, IFB's, amendments, and numerous other ad hoc actions. This role is less "systematic" than the first two, and varies greatly depending on human factors, the requirements of individual Missions, and overall Agency decentralization policies. A major additional role picked up by AFR/PD is the backstopping of the large AFR/IR regional projects portfolio. (See Attachment B, which describes the aspect of that portfolio assigned to each division within PD).

One major traditional PD responsibility is missing from this list: leading project design and evaluation teams. While a key PD role in the field, this function is difficult to accommodate in the above framework. It seems preferable, therefore, to exercise this role in an ad hoc fashion. Such assignments will be encouraged in AFR/PD on a selective basis, depending on individual and Mission needs and the potential for productive short-term TDY's.

2. Operational Ground Rules

Implementing the PDO mandate requires the development of a number of guidelines drawing their substance from the action framework above. They include:

Relationships with other AID/W offices: AFR/PD, as a manager of review and information systems, (yet not an independent "decision-maker") needs to maintain an active and cordial network of personal relationships within the Bureau and with selected other groups (S&T, FVA, OFDA, PPC, GC/AFR, World Bank, etc.). A clear understanding of the respective roles of core offices within the AID/W system, such as the geographic desks, AFR/TR and AFR/DP is critical for day-to-day operations. Project Committees provide the operational setting for establishing such a network and should be well prepared by individual PDOs. Every effort should be made to integrate Bureau energies in the Project Committee system - avoiding redundancies, facilitating collaboration and promoting prompt and efficient management. (See pages 8-9.)

Relationships with the field: AFR/PD is decentralized internally to place maximum responsibility (and credit) on the shoulders of the PDO who covers a specific country. Every effort will be made to work out arrangements with Mission Directors to provide a minimum of two "analytically-oriented" TDY's per year by each PDO. PDO's should emphasize their general backstop role by allocating priority time to the PIR process for their countries, as well as to processing mission implementation actions. Field evaluations will also receive attention: they can be formally reviewed by a Project Committee whenever reasonable and should be integrated into the PIR process.

Work prioritization: PD staff, especially if they are performing well, often find themselves inundated by

requests to attend meetings, review cables, etc. The PDO must learn to screen and to set priorities. PDOs need to review their portfolios through the semi-annual PIR process and highlight those project activities, which, for diverse reasons (outstanding, deficient, central to future programming) require particular attention. The PDO should become thoroughly acquainted with these aspects of the portfolio and focus major attention to them.

The elusive concept of quality: To fulfill the "quality" mandate placed before it, AFR/PD requires first and foremost a quality staff. Efforts such as this mandate statement, the recent streamlining of division structures and information systems, and greater attention to personnel management may assist PDO's to attain division objectives, but the determinant of performance is the individual. An appropriate PDO profile includes:

- interpersonal/management skills
- applied analytical skills (M.A. - level in a development area)
- appropriate language capacity
- A.I.D. field experience
- working knowledge of Agency structure, operations and regulations.

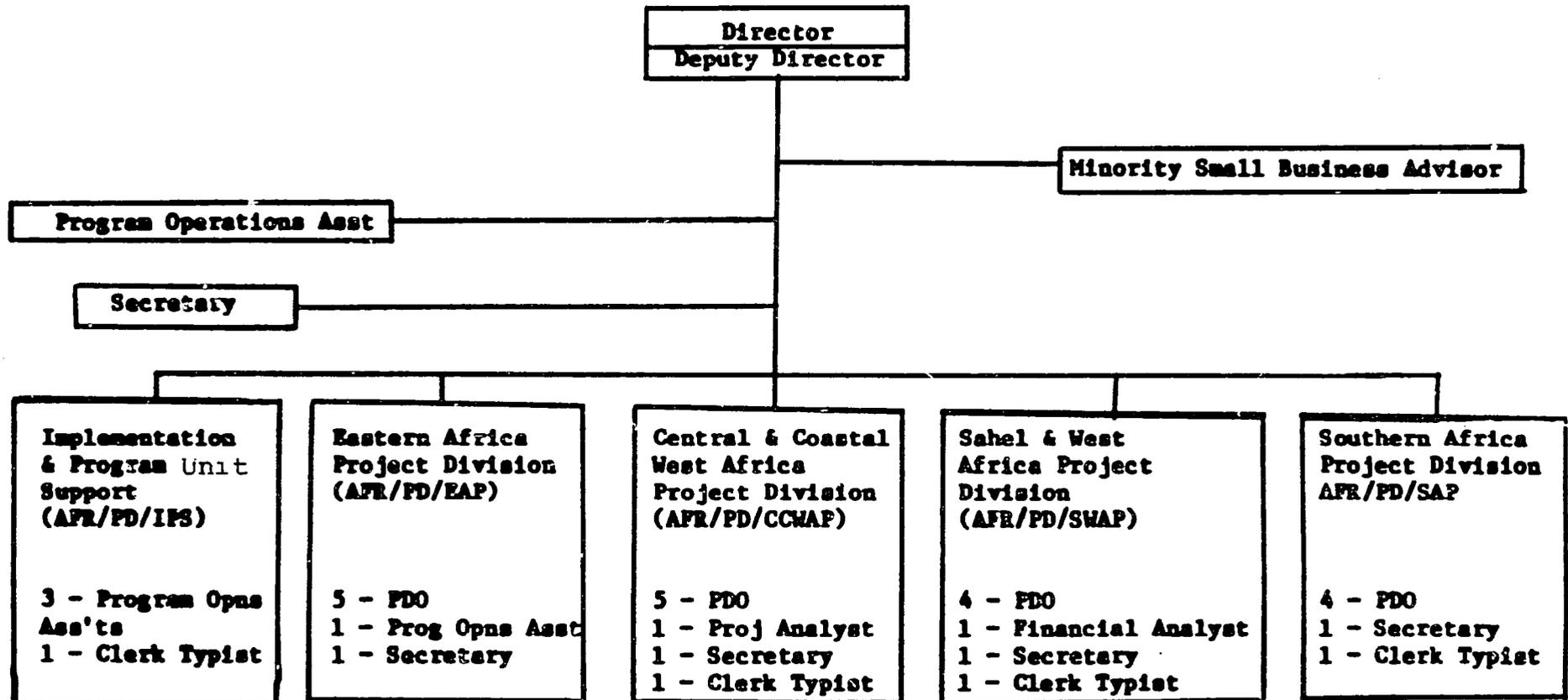
All AFR/PD employees are encouraged to evolve toward this profile and should avail themselves of training opportunities favoring such development.

B. AGENCY ORGANIZATIONAL STRUCTURE

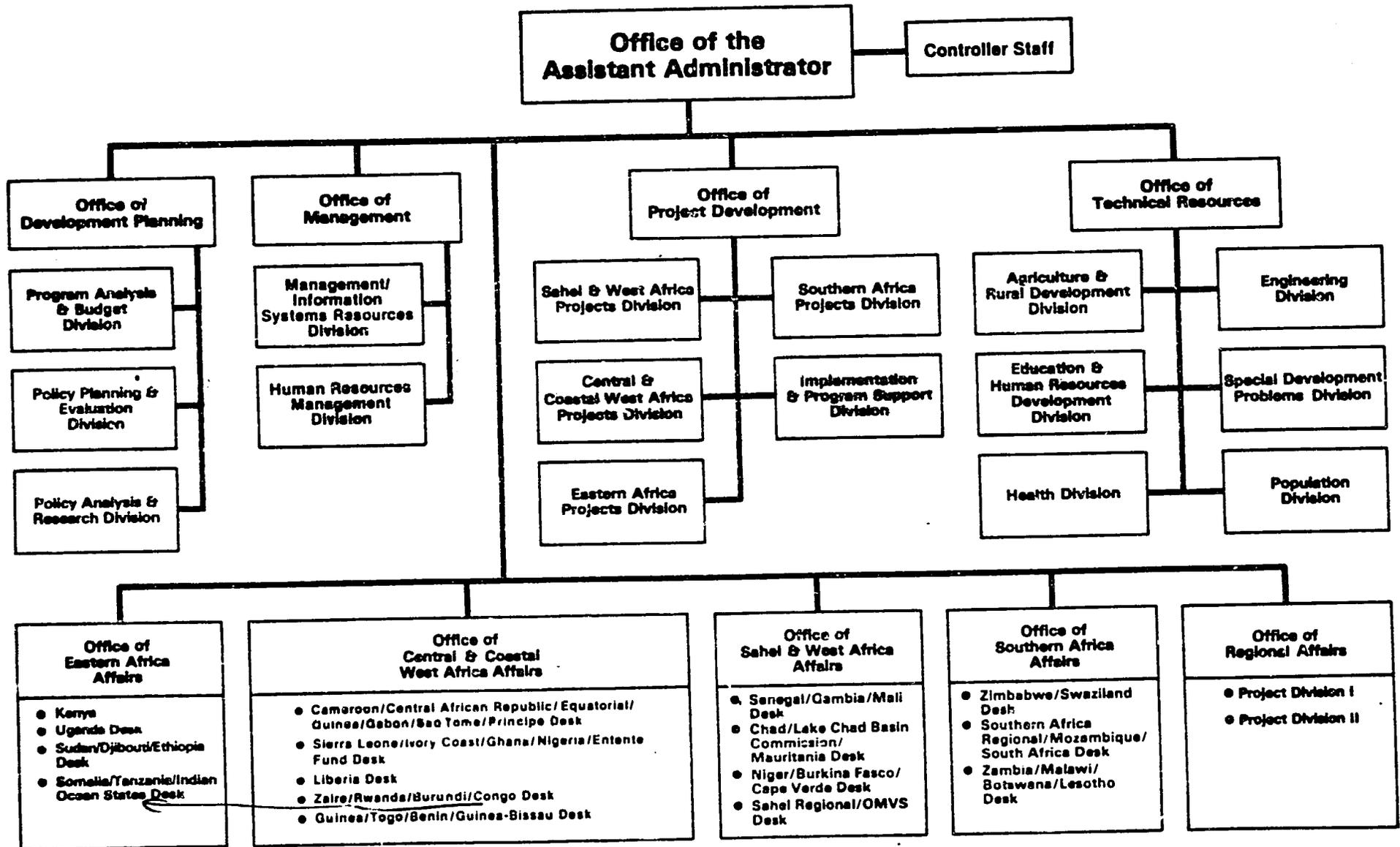
The following three organization charts broadly relate the AFR/PD divisions, to each other, to the Africa Bureau, and to the Agency as a whole.

**OFFICE OF PROJECT DEVELOPMENT AFR/PD
AFRICA BUREAU**

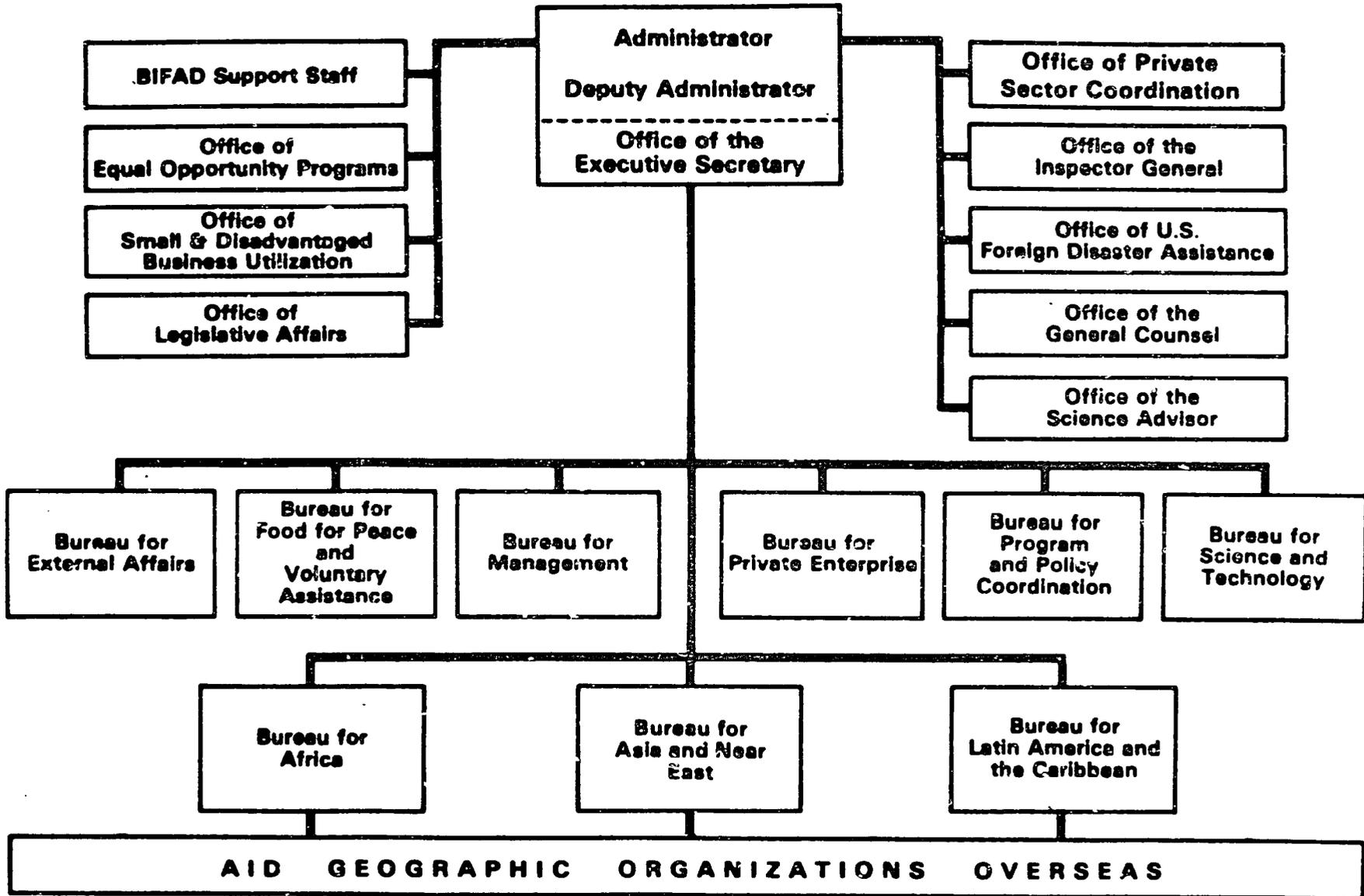
**Organization Chart
November 5, 1987**



Bureau for Africa



Agency for International Development



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 EFFECTIVE DATE November 17, 1986
 TRANS. MEMO NO. 17:390
 AID HANDBOOK 17

C. RELATIONSHIPS WITH OTHER OFFICES

The PDO must collaborate with a wide spectrum of individuals and groups, both in AID/W and elsewhere. As PDOs cannot be expected to be experts in all areas in which AID works, they require good interpersonal skills and an ability to draw information together from various sources to achieve their objectives. The following summarizes AFR/PD's relationship with selected key offices. For a more thorough discussion of formal Bureau office responsibilities, refer to Handbook 17, Chapter 23.

1. Geographic Area Offices

Forming a close, collaborative working relationship with individual country desk officers is important if a PDO is to be effective on the job. The Desk plays an active role on all Project Committees. The PDO should obtain Desk clearance on all documents pertaining to specific country projects.

In carrying out their program oversight role and in ensuring AID action on country programs, Desk Officers generally represent the Mission perspective within AID/W and provide selected backstopping services for the Missions. Desk Officers are responsible for many national program office functions as well as for monitoring the Mission's overall budget, CNs and TNs, drought assistance, and most forms of food aid. The Desk is also responsible for preparing issues papers for consultative group meetings, country program reviews, and other program briefing papers.

2. Office of Development Planning (AFR/DP)

AFR/DP comprises three divisions: Program Analysis and Budget (PAB), Policy Planning and Evaluation (PPE), and Policy Analysis and Research (PAR). The primary interaction between AFR/PD and AFR/DP is with the PAB division, which is responsible for review of mission budget requests for development assistance and for analyzing project proposals for consistency with Agency policies and program strategies. AFR/DP/PAB participates in Project Committees and clearance must be obtained on any document addressing budget concerns. The PPE division coordinates with AFR/PD on mission strategy reviews (CDSS and Action Plans), mission evaluations, donor coordination and food aid activities, and reviews proposed projects for conformance with country

strategies. AFR/PD coordinates with the PAR division on macro-economic matters, IMF and IBRD structural adjustment matters and on most forms of non-project assistance (e.g. AEPRP)..

3. Office of Technical Resources: (AFR/TR)

TR consists of sectoral offices in agriculture, health, and education. It also has a regional projects/program division. All are vital to the technical review and implementation of AFR projects and programs. TR divisions provide technical expertise to AFR/PD upon request, and TR representatives participate as Project Committee members during the development, review, approval, implementation and evaluation processes to ensure that all technical requirements are being considered and satisfied.

4. Implementation and Program Support Unit: (AFR/PD/IPS)

vital function of AFR/PD/IPS is to track project documentation which which helps the PDO in his/her project implementation and monitoring responsibilities. (From time to time, this Office can be helpful to the PDO in identifying project issues). Another important function of IPS is to retrieve and to convert project documentations to fiche. All new PDOs should acquaint themselves to the function of IPS and how this office interfaces with other AFR/PD divisions.

The chief functions of this unit are as follows:

a. The IPS Unit

Analyzes the Bureau's project authorization process and monitors implementation of the system based on analysis (i.e., tracking project design/authorization documentation) for AFR/PD and TR. Works closely with FM to ensure that updates are made based upon data provided, making adjustments to obligation dates and amounts for report purposes.

b. Manages essential data in relation to the Bureau's portfolio of project and non-project assistance by means of designing, implementing integrated computer-based tracking and reporting systems for both AFR/PD and TR. Reports on disbursements, delinquencies, and irregularities (by tracking expenditure document; i.e., PIO/Ts, PIO/Cs, etc).

- c. Provides mail/files service to AFR/PD and TR personnel and is responsible for maintaining appropriate liaison with associated entities, e.g., M/SER/MO (Communications and Records Division, Mail/Cable Room), project micro-fiche contractor (working under an ongoing Agency contract) and PPC/CDIE/DI.
- d. Maintains all statistical reports and bureau handbooks.
5. General Counsel (GC/AFR): Clearance from GC/AFR must be obtained for all project authorization documents and waivers to ensure compliance with Agency regulations and U.S. law. GC/AFR should be represented on Project Committees during the design phase. A project authorization package consists of (1) the PP document; (2) the Project Authorization drafted by GC/AFR; and (3) an Action Memo drafted by AFR/PD. PD is responsible for compiling the authorization package and ensuring its clearance and transmittal to the DAA or AA.
6. Office of Food for Peace (FVA/FFP): AFR/PD calls upon this office on questions concerning PL 480. FVA/FFP should be represented on any Project Committees discussing the use of local currency generated by PL 480 activities, and is now an active participant in the PIR process.
7. Bureau for Program and Policy Coordination (PPC): Project Committee meetings are frequently an occasion for contact with the PPC Coordinator for Africa (PPC/PB/C). Project design and implementation will occasionally foster contact with selected PPC staff dealing with policy issues (generally PPC/PDPR). Finally, PPC/CDIE plays a major role in conducting "lessons learned" evaluations in and information on AID's world-wide activities.
8. Bureau of Science and Technology (S&T): This Bureau is responsible for AID's many centrally-funded projects and is providing technical leadership to the Agency. The key directorates involved in PD activities include S&T/RD, S&T/POP, S&T/H and S&T/FA. Not only does the S&T Bureau provide missions the opportunity to buy into these centrally funded projects, but it can be called upon to provide additional expertise if required by AFR/PD. Its various offices are often represented on Project Committees during the design phase, and can be called upon for implementation or evaluation review if the PDO seeks additional advice. PDO's are encouraged to include S&T experts in the project review process.

9. Directorate for Management Services, Office of Procurement (M/SER/OP): This directorate is responsible for all procurement conducted by the Agency. The key offices are Overseas Procurement/Africa (SER/OP/OS/AFR), Commodity Support (SER/OP/COMS), and Transportation (SER/OP/TRANS) for contracts, commodity procurement, and transportation waivers respectively. Occasionally, there is also a need to coordinate contract activities with the Office of Small and Disadvantaged Business Utilization (OSBDU).

II. PDO FRAMEWORK FOR ACTION

A. ROLE #1: MANAGER OF AID/W REVIEW PROCESS FOR PROJECT AND NON-PROJECT ASSISTANCE

The first of the three basic PDO roles outlined in Chapter I is management of the AID/W review process.

The PDO is expected to employ review procedures in a manner ensuring that all proposals (PID/PP, FAIP/PAAD, food aid) receive prompt and thorough consideration in AID/W. All issues should be raised and resolved in an orderly manner and without excessive delay so that the Missions are promptly and fully informed of the status of their proposals.

Full discussions of Agency regulations on Project and Non-Project Assistance are contained in Handbook 3 and 4, respectively. This section deals with procedures specific to the Bureau for Africa, and only summarizes the key definitions and procedural sections of the Handbooks. Also, see Attachment T-1 in Section II.C below for Bureau procedures on the design and management of non-project assistance under the new Development Fund for Africa.

The logical sequence of activities undertaken by PDO to ensure conformity with AFR Bureau guidelines is as follows:

- establishment of the Project Committee;
- chairing of the Issues Meeting and preparation of the Issues Paper;
- management of the ECPR process;
- preparation of the ECPR guidance;
- preparation of project authorization package, if appropriate; and
- review of field use of delegations of authority.

Comments on these different aspects of PDO's management of the review process are set forth below in summary form. The Bureau Management Notice for Project Review follows as Attachment B. A special section deals with the PDO role in the review of food aid and unsolicited proposals.

1. Establishment of the Project Committee (PC)

In order to assure full and timely assessment of project (PID, PP) and non-project (PAIP, PAAD) documents, the PDO should

establish a Project Committee upon formal receipt of the document in AID/W. PC members should include a core group consisting of:

- Project Development Officer, AFR/PD (Chairperson)
- Geographic Officer
- Program Budget Analyst, AFR/DP/PAB
- Technical Officer(s), AFR/TR - from appropriate technical division(s) (TR/PRO, TR/ARD, TR/HPN, TR/ENG, TR/THR)
- GC/AFR
- Other AID/W staff, as appropriate, (including PPC, PRE, S&T, M/FM, M/SER, or FVA).

The PC is responsible for the analysis, review and presentation of the project through the entire approval cycle, subsequent authorization and into the monitoring of implementation. The Project Committee members are first listed in the Issues Meeting notice.

2. Chairing of the Issues Meeting and Preparation of the Issues Paper

The Issues Meeting is called by the PDO within two weeks of receipt of the document as the first part of a two step AID/W review process. See Attachment C for a sample Issues Meeting Notice. Guidelines on this topic issued by AFR/PD management on 4/6/87 note the following:

Division chiefs are responsible for the content and quality of Issues Meetings. They may often chair the meetings, but have the option of delegating this responsibility to another experienced PDO.

An issues agenda or draft Issues Paper may be used to structure Issues Meetings. However, the debate should not be overstructured; others attending the meeting should be given ample opportunity to identify potential issues.

The purpose of the meeting is three fold: (1) to identify issues that must be resolved by the ECPR; (2) to recommend ways in which the issues can be resolved; and (3) to resolve, if possible, technical issues which do not need to go forward to the ECPR.

Issues Meetings should be held at least three workdays and normally no more than five workdays prior to the ECPR. Immediately upon completion of the Issues Meeting, the PDO should recapitulate key PC recommendations in an Issues Paper (see sample, Attachment D). Current AFR/PD guidelines concerning Issues Papers note:

Issues Papers contain two sections: (1) Issues, and (2) Concerns Resolved by Project Committee and other Proposed Guidance. ECPR's will focus on the first section, although the ECPR chairperson can re-open discussion of any previously resolved concerns.

Issues Papers should be cleared by the division chief before being put in final.

Issues Papers should be completed and distributed to the ECPR members by COB the day before the ECPR meeting at the latest.

3. Management of The Executive Committee for Project Review (ECPR)

The ECPR is the senior executive body of the Africa Bureau. It consists of the AA/AFR, the appropriate AFR DAA(s), the Directors of AFR Bureau Offices, and representatives of GC and other offices and agencies, as invited. Recent policy has been to delegate chairing of all but the most problematic reviews to the Director, AFR/PD.

While the ECPR may consider special matters, its primary role is to review and decide upon project and non-project proposals. ECPR meetings are scheduled as frequently as required. Increasingly, the ECPR is being used only at the PID/PAIP level of analysis. PP/PAAD review and authorization authorities are often extended to the field. It is important that the Africa Bureau insure full participation of PPC, PRE and S & T and other relevant offices in the ECPR/Issues Meeting process. All attendees at ECPR meetings are expected to be prepared to represent their offices fully and to have submitted any issues/comments to AFR/PD three days before the Issues Meeting.

4. Preparation of the ECPR Guidance

Immediately upon completion of the ECPR, the PDO is responsible for notifying the field of the outcome of the AID/W review process. This includes:

a. Decision Cables. AFR/PD is responsible for preparing cable advising the mission of the ECPR's decision. Decision cables should be sent within 24 hours of the ECPR. These should be brief statements, noting that separate guidance will follow. These decision cables should be authorized by the person who chaired the ECPR. (see Attachment E).

b. Guidance Cables. Guidance cables should be sent within two weeks of the ECPR. They should be authorized by the DAA/AFR. They should be cleared by the senior representatives from each office attending the ECPR. PPC should clear the guidance cable if a PPC representative attended the meeting. Normally this will be the PPC/PDPR representative for projects and the PPC/EA representative for nonprojects. On an exceptional basis, PPC can clear cables if a PPC representative expresses concerns to the division chief prior to the ECPR. The AFR/PD Director or Deputy Director should also be listed for clearance, depending upon which individual was most familiar with the ECPR. (Attachment F for a sample Guidance Cable).

5. Preparation of the Project Authorization Package

While the recent trend has been to delegate project approval and authorization to the field, perhaps 25% of AFR Bureau activities are still authorized in AID/W. Any assistance which is reviewed and authorized in AID/W will require the PDO to participate in drafting a Project Authorization Package (Action Memo, Authorization, project design document, waivers requiring approval). The Action Memo comes from the Director, AFR/PD for projects authorized by AA/AFR, and from AA/AFR through AA/PPC and GC/AFR for those authorized by the Administrator. The actual authorization document is prepared by GC/AFR. (See Attachment G for a sample Action Memo).

6. Review of Field Use of the Delegation

Delegations of Authority to the field, as was noted when DOA 551 was issued, implies an obligation for the Mission to

provide feedback to AID/W sufficient to permit reasonably substantive oversight of how these authorities are being carried out. Following such delegations of authority, the responsible PDO is expected to track the project. Each PDO must ensure receipt in AID/W of the final design document (PP or PAAD), and ensure reproduction and distribution of the document to all key AID/W offices. The document should be reviewed by the PDO for conformity with AFR Bureau guidance. Any comments and discrepancies (e.g. failure to comply with ECPR guidance) should be brought to the attention of the AFR/PD Director for possible follow-on action. The results of the PDO review should be noted in a brief memo and placed in the project files.

7. Special Cases

- a) Food Aid Proposals - Current AFR Bureau policy is that AID/W responsibility for food aid matters is located in the Geographic Office, and, to a lesser extent, AFR/DP. Nevertheless, PD is expected to manage the AID/W review process for those food aid requests which are considered to be strongly "developmental" (esp. Title II - Section 206, Title III, and Food for Progress). Explicit review procedures must be organized by the PDO, since current guidelines are somewhat ambiguous. Attachment H summarizes the characteristics of the different PL 480 programs and Attachment I provides latest guidance on Title II, Section 206 review procedures jointly agreed upon by FVA and AFR Bureau. Formal guidance revising these procedures is currently in the clearance process and will be inserted when issued.
- b) Unsolicited Proposals - Agency policy encourages unsolicited proposals from qualified organizations including Private Voluntary Organizations (PVOs). Because of the growing number and size of these proposals received in Washington, guidelines for review of such proposals were recently prepared and are included in Attachment J.

B. ROLE #2: CONDUIT OF INFORMATION ON FIELD IMPLEMENTATION PERFORMANCE

Increasing delegations of authority to the field for design and implementation have increased AID/W's need for accurate, regular information on implementation performance. Given its role as manager of the PIR process, as chair of ad hoc evaluation reviews, and as the country-specific backstop for all project activities, AFR/PD has primary responsibility for providing this information. This puts the PDO at the heart of the decision-making process and renders the PDO a useful participant in AID/W review of projects, program budgets (ABS), strategies (CDSS, Action Plan) and numerous other aspects of the Bureau's workload.

1. Project Implementation Reviews (PIR) - While the PIR process has existed for several years, it has grown in importance in recent years. This is clearly linked to the delegation of authority process and the increasing need for implementation feedback. The PIR allows for regular (every 6 months) and systematic (similar format for all portfolio activities) feedback - unique in the AFR Bureau - on a wide range of major Bureau concerns (project/program performance, evaluation tracking, PACD issues, funding considerations, etc.). Most recent guidance to the field on PIR format is noted in Attachment K. PD has played a lead role in integrating PIR information into the broader AFR Bureau information network; particular interest has been generated recently in linking the PIR to monitoring of the Mission Action Plan - principally through the Mission Director's overview statement which is attached to the PIR submission. The accuracy and utility of PIR reporting is still highly variable and will need constant PDO surveillance to ensure maximum utility to the Bureau. Latest PD guidelines to the individual PDO on the PIR cycle are noted below for reference.

a) Meeting Preparation - Per the AFR/PD memo of May 5, 1987 (Attachment L), PD/IPS will forward a clean copy of the country PIR to the relevant PDO within two days of receipt from the field. Upon receipt the PDO should:

- organize PIRs in the standard book form used by the division; it should include a copy of the reporting cable for the previous PIR cycle;

- organize a logical agenda for the PIR review (by sector or by Action Plan elements) and note the basic agenda timing on the "Notice of Meeting" sheet:
- plan five working days between distribution to the Project Committee (PC) and the meeting.

use the standard distribution list (see Attachment M).

The PDO should study PIRs carefully and prepare issues in advance of the meeting. PD leadership in organizing issues is vital to the utility of the PIR review. Experience clearly shows that advance preparation is critical to the success of the PIR review.

b) Meeting Procedures

1) Lead the meeting into priority projects and problems. Avoid excessive detail and try to limit any one day's session to two hours or less. Solicit the point of view of Project Committee members prior to and during the meeting - the PDO role is that of the "manager" of a process. Not all projects need be reviewed; the review should be conducted with a sense of priorities.

2) Watch for recurrent themes

- Pipeline/mortgage issues
- Success/failure at the purpose level
- Documentation received (including previous cycle requests)
- Evaluations (need, timing, etc.)
- A.I.D./W special interests (private sector, recurrent costs, TA or training costs)

- Consistency with strategic/programmatic objectives (e.g., training)

3) Complete a reporting cable promptly while the information is still fresh (see attached example for format and tone - Attachment N). The cable should contain "generic" observations and project - specific ones. Director, AFR/PD approves the cable. Include appropriate REDSO for information.

4) Soon after the meeting the division chief will work with the PDO to draw up a short country performance overview summarizing the salient points of the PIR review. This will be integrated into a regional performance overview for the Director, AFR/PD, for information and action.

Finally, a note on the PIR for AFR Bureau AEPRP (Africa Economic Policy Reform Program) activities. Because of the innovative and politically sensitive nature of these activities, AID/W review is required once every quarter using the special format referenced in Attachment O. AFR/PD and AFR/DP have jointly accepted responsibility for tracking of the AEPRPs, and PDOs should single them out for attention.

2. Special Evaluation Reviews - Most portfolio activities contain Monitoring/Evaluation Plans which require (and fund) periodic special evaluation efforts. Most are completed in written form, although not all include the Standard Project Evaluation Summary (PES) and some are not sent to AID/W for information. The PDO is expected to track timing (and eventually content) of these evaluations through the ABS, PIR and Scheduling Workshop processes and ensure that any substantive documentation is properly distributed within the AID/W system. In the case of an evaluation which has implications for follow-on projects, which deals with important lessons learned, or which is the subject of an explicit Mission request, the PDO should organize a formal Project Committee review and provide subsequent feedback to the field.

It is possible that AID/W interest (and therefore the PD role) in evaluations will grow. Irrespective of future Agency interest, evaluations offer the opportunity to develop a new "window" on project performance and should be taken seriously. Evaluations should be known to the PDO, tracked, and lessons learned incorporated into the regular PIR system. Other offices interested in the effective use of the evaluation process include AFR/DP/PPE (Evaluation Officer) for the AFR Bureau and PPC/CDIE for the Agency as a whole.

C. **ROLE # 3 - MISSION BACKSTOP ON SELECTED PROJECT IMPLEMENTATION ACTIONS.**

PDOs backstopping function covers a wide range of activities. These include procuring technical assistance and backstopping regional projects, tracking of missing cable actions, and following up on delinquent payments. This role, while difficult to define and plan for, may take 40-50% of the average day.

Backstopping tasks often concern technical assistance procurement actions: finding consultants for studies, project designs and evaluations to be conducted at the mission. Major procurement actions also include chairing selection committees, contacting IQC firms for candidates, coordinating with other AID/W offices to locate candidates, and proposing candidates for mission internship programs.

1. Procurement Actions

PDO's tend to become involved in technical assistance procurement when missions request assistance in locating candidates. The actual preparation of the PIO/T normally remains with the mission (or with AFR/TR in the case of AFR Bureau regional projects). The PDO role in the PIO/T process should normally be: a) as a manager of a bilateral submission, working with AFR/TR, AFR/DP and the geographic desk to ensure the completeness of the proposal or to select competent contractor candidates prior to submitting the PIO/T to SER/OP for negotiation; b) as a clearer of a regional submission generated by AFR/TR (See paragraph 3 on "AFR/TR Regional Project Backstopping"). PDOs should refer to Chapter B of the Project Implementation Course Handbook for a full description of procedures to be carried out for A.I.D. direct contracts for services. It should be noted that many PIO/Ts are transmitted directly to the Contracts Office or to another part of the Agency for processing and may never be seen by the PDO.

If the mission does send a PIO/T to AFR/PD for action, the PDO should submit it for microfiche and send a copy to SER/OP/OS/AFR with a cover memo briefly explaining the action necessary (see Attachment P). Close collaboration with SER/OP/OS/AFR is essential to expedite the contracting process. Therefore, if the PDO expects receipt of a PIO/T requiring a quick turnaround by Contracts, it

*As a forewarning, if you do make hotel reservations, ask for a credit card number and expiration date to hold the reservation. It is not a good idea to use a personal credit card to reserve rooms because if the person(s) doesn't show, the PDO is stuck with the bill!

behooves the PDO to inform the Contracting Office of the impending action and the expected turnaround time as early as possible. Contracting Officers appreciate early notification of priority actions.

Procurement actions often involve work orders for IQC firms. AFR Bureau encourages unofficial competition among IQC firms. After informal notification by the mission or after receipt of the PIO/T, and before submitting it to SER/OP/OS/AFR, the responsible PDO or AFR/TR representative may contact eligible IQC firms (if believed appropriate), send them a copy of the Scope of Work, and request that they submit C.V.s for an informal review. The C.V.s should be reviewed in collaboration with the appropriate technical office.

Each PDO should have an updated IQC list including their respective functional area. Refer to the M/SER/OP memo of February 3, 1987 (located in the IQC book in the reference library) for details on how to complete an IQC work order if requested by the mission.

Before beginning any contracting work, it is important to note A.I.D. General Notice 5-15-86 in Chapter B, Page B-78 of the Project Implementation Course Handbook, which discusses improper disclosure of acquisition information.

2. Waiver Actions

Commodity procurement in the field often requires an AID/W waiver. Processing waivers is one of the more time consuming functions because of the clearances required and the frequent revisions. To shorten this process as much as possible, the PDO should obtain GC/AFR's clearance first before circulating the waiver to other clearance designees. The core clearance designees are: 1. GC/AFR; 2. the geographic desk office; 3. AFR/DP/PAB; 4. SER/OP/OS/AFR; 5. AFR/CONT; 6. the AFR/PD geographic division; 7. AFR/PD; 8. DAA/AFR (in the case where the waiver must be signed by the AA). Refer to Chapter J in the Project Implementation Course Handbook for a complete reference guide of waivers and sample copies. Attachment Q provides an example of one source/origin waiver.

Procurement regulations, particularly concerning U.S. source/origin have changed under the new Development Fund for Africa. See Attachment Q-1.

3. AFR/TR Regional Project Backstopping

AFR/TR, AFR/PD and AFR/DP agreed in November, 1987 to the allocation of responsibilities for African regional projects contained in Attachment R. While the attachment is self-explanatory it is worth underscoring the role that the PDO will play in coordinating the review of unsolicited proposals, in chairing the pre-authorization Issues Meeting and coordinating the ECPR, in drafting Project Authorization Action Memos, in preparing waivers/PACD extensions, in preparing PIO/T, PIL or Letter Contract/Grants, and in managing PIRs.

An important part of the PDO basic backstopping of the regional portfolio is the chairing of the PIR process. These reviews should be carefully prepared and organized with AFR/TR so that the forum can be used by AFR Bureau to become better informed on project implementation.

4. Mission Intern Programs

Some of the larger missions have offered special one-year internships under a personal services contract to qualified graduate students studying international development. These missions often call upon PD for assistance in finding, selecting, and recommending candidates. Based on a scope of work developed by the mission, PD will form a selection committee to establish selection criteria. Normally, selection criteria may include an evaluation of a candidate's education, relevant experience, writing and interviewing skills, and other distinguishing characteristics.

Once candidates are selected, security clearance should be started immediately as it requires a minimum of six weeks and up to three months to complete. Medical clearance and health insurance must also be obtained.

5. Note on the Use of PDS Funds

Missions make frequent use of Program Development and Support (PDS) funds, the global allocation of which is determined at the annual Scheduling Workshops held in REDSO/WCA and REDSO/ESA in the Fall. The funds are targeted to project design, project evaluation/audits or other special project/program studies, but Missions will occasionally attempt to use these funds for ad hoc implementation requirements. Attachment S contains the most recent formal guidance on the use of PDS funds.

PDS funds for smaller programs are handled out of AFR/DP. For larger programs, PDS funds are obligated under a bilateral agreement (usually a limited-scope grant agreement) and are charged against that country's OYB.

6. Non-Project Assistance (NPA)

See Attachment T and Attachment T-1 for guidance on ESF and DFA NPA procedures.

7. Local Currency Management

See Attachment U.

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

JAN 26 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM : AFR/PD, Carol Peasley
GC/AFR, Ted Carter

SUBJECT : Revision of Africa Bureau Delegation of Authority
No. 551, Revised

Problem: Your approval is required to revise Africa Bureau Delegation of Authority No. 551.

Discussion: DOA 551 was issued in its present form on December 23, 1986. Since then there have been several suggested changes based on operational experience. In addition, changes in program and staffing at a number of field posts requires an overall review of posts being in Schedule A or B. In general, the proposed changes will slightly expand the level of authorities delegated to the field and simplify differences in authorities between Schedule A and Schedule B countries.

I. Classification of Posts by Schedule

Under existing DOA 551, all African posts are categorized as Schedule A or B posts according to the following criteria:

. Schedule A: Full mission or other posts with at least six USDH positions and all core staff, i.e., Mission Director (or AAO or AID Representative), Program Officer, Project Development Officer (PDO), appropriate technical staff, and adequate financial management coverage (from either a resident Controller or REDSO/RPMC); and

. Schedule B: All other posts.

Schedule A posts have full authorities. Schedule B posts are required to obtain the REDSO Director's concurrence to approve or amend projects and to exercise certain implementation authorities.

We are now proposing a slight modification in the post classification criteria, i.e., to limit Schedule A authorities to posts with at least seven USDH positions and all core

staff. In terms of justifying this move to seven USDH, it should be recalled that under the prior DOA 140, the required level was ten. Given that field posts necessarily have as much as 20-25 per cent of personnel absent on home leave, R and R, transfers, and TDY, the effective operating strength is no more than four. While ten may be preferable, the realities of overseas staffing size and the Bureau desire for decentralization require a lower minimum level. Nevertheless, the level of seven USDH gives a slightly more desirable critical mass than does six. Assuming your acceptance of this adjustment, Annex 1 shows the new listing of African posts by Schedule. Under the existing DOA 551, there are 23 Schedule A posts and 11 Schedule B posts. Under the revised DOA, there are 22 Schedule A posts and 13 Schedule B posts. Major changes would be the revision of Mauritania from A to B, Mozambique from ad hoc to B, and Djibouti from B to NA since authority will be shifted to either REDSO/ESA or Somalia (effective March 1988). Annex 2 lists individual countries and degree to which posts meet criteria.

Any posts which do not reasonably fall within either of these two schedules could be given ad hoc delegations of authority, tailored to their special circumstances.

II. Approval and Implementation Authorities

We have reviewed the Bureau's delegation of approval authorities and concluded that a few reasonably minor, but useful, changes should be included in this revision, as follows:

- 1) Section 4.B has been revised to permit principal officers at Schedule B posts to approve PIDs (with LOP funding not greater than \$2,500,000) with REDSO concurrence and to require that all other PIDs prepared by Schedule B posts obtain REDSO concurrence prior to submission to AID/W for approval;
- 2) Section 5.E.7 (old 5.D.7) has been amended to allow as a basis for procurement waiver "critical" other circumstances;
- 3) A new Section 5.F has been added to provide authority to approve the eligibility of certain (otherwise ineligible) commodities;
- 4) Section 5.G (old 5.F) has been revised to add authority to waive competition in the procurement of commodities (\$1,000,000 or less) by a host country public sector entity;
- 5) Section 5.H (old 5.G) has been revised to add authority to waive publication of CBD notices in connection with the procurement of commodities (\$500,000 or less) by a host country public sector entity, and;

6) A new Section 5.I which adds the authority to approve the selection of assistance recipients on the basis of limited competition, no competition of unsolicited proposals in certain circumstances in connection with certain field-approved grants and cooperative agreements.

III. Bureau Guidance on Implementation of DOA 551

In addition to the revised DOA 551 which is attached, GC/AFR has developed an interpretive memo which provides field missions with certain instructions and guidance which are intended to assist them in their use of the DOA. The GC/AFR memo includes several matters recommended in the recent REDSO Management Assessment, e.g., clarification of the need for REDSO Director concurrence on PIDs before they are submitted by the (Schedule B) Field mission to AID/W for approval. Also, we will be reminding mission directors to make maximum use of REDSO support services before implementing their decisions, including consultation with appropriate offices when any resident core staff are away from post.

Passage of the Continuing Resolution for FY1988 introduces the Development Fund for Africa which provides the possibility for considerable operational flexibility. The current DOA revision does not attempt to deal with DFA issues, but addresses those concerns which have evolved from a year of operation under DOA 551. Further guidance will be issued concerning the DFA.

Recommendations:

(1) that you approve and sign the attached revised Delegation of Authority 551 (TAB A) which will provide expanded authorities to the field;

Approved William Y. Bully
Disapproved _____
Date Jan. 26, 1988

(2) that you approve the adjusted Schedule A and B missions in accordance with the criteria established in this Action Memorandum:

Approved William Y. Bully
Disapproved _____
Date Jan. 26, 1988

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(3) that you sign the attached cable (i) transmitting your formal delegations to the field, and including your concurrence to the re delegations described above; and (ii) advising field missions of revised Schedule A and B classifications.

Approved William J. Bell

Disapproved _____

Date 1/26/88

(4) that you sign the attached instructions memorandum for transmission to the field missions.

Approved William J. Bell

Disapproved _____

Date 1/26/88

Clearances

DAA/AFR:WBollinger WLB

DAA/AFR:ESaiers ESaiers

AFR/DP:JWestley (draft)

AFR/CCWA:JColes (draft)

AFR/EA:SMintz (draft)

AFR/SA:FFischer (draft)

AFR/SWA:PDichter (draft)

AFR/MGT:CMcGraw (draft)

AFR/PD:JGraham JGraham pmd:11/24/87:78181:2491H:
revised 1/11/88

ANNEX 1

Schedule A (22)

Botswana
Burkina Faso
Cameroon
Chad
Kenya
Lesotho
Liberia
Malawi
Mali
Niger
REDSO/ESA
REDSO/WCA
Rwanda
Senegal
Somalia
South Africa
Sudan
Swaziland
Uganda
Zaire
Zambia
Zimbabwe

Schedule B (13)

Burundi
Cape Verde
Gambia
Ghana
Guinea
Guinea-Bissau
Madagascar
Mauritania
Mozambique
Nigeria
Sierra Leone
Tanzania
Togo

OTHER POSTS: (12) Supervisory posts exercising DOA authorities in brackets following each post.

Benin (Togo), C.A.R. (Cameroon), Comoros (REDSO/ESA), Congo (Zaire), Cote d'Ivoire (REDSO/WCA), Djibouti (REDSO/ESA), Equat. Guinea (Cameroon), Ethiopia (ad hoc), Gabon (Cameroon), Mauritius (REDSO/ESA), Sao Tome (REDSO/WCA), and Seychelles (REDSO/ESA).

D O A 5 0 R E V I S E D

COUNTRY	CURRENT	USLN POS.	USLN POS.	C O R E S T A F F										PROFESS			
				POST STAFF	9/30/87	PROFESS	01	02	94	04	10	60	12		50	25	POST STAFF
Benin	NA	0	0														
Botswana	A	7	10	MC	1	1	X	1	1								A
Burkina Faso	A	8	8	MC	1		X	2	1	3							A
Burundi	B	5	4	OC	1		RFHC	1		1							B
Cameroun	A	20	20	MC	2	1	X	4	1		3	1					A
Cape Verde	B	2	2	OC				1									B
C.A.R.	NA	0	0														
Chad	A	10	10	OC	1	1	X	1		1		1					A
Comoros	NA	0	0														
Congo	NA	0	0														
Cote d'Ivoire	NA	0	0														
Djibouti	B	1	0	OI													NA
Equat. Guinea	NA	0	0														
Ethiopia	NA	1	1	OC													
Gabon	NA	0	0														
Gambia	B	5	5	OC	1		X	2									B
Ghana	B	4	4	MC			X			1	1						B
Guinea	B	5	5	OI	1	1	X	1									B
Guinea-Bissau	B	2	2	OI	1		X										B
Kenya	A	25	25	MC	2	5	X	5	3								A
Lesotho	A	9	9	MC	2	1	X	2			1						A
Liberia	A	22	22	MC	2	2	X	3	1	1	1	1					A
Madagascar	B	3	3	OC		1											B
Malawi	A	9	10	MC	1	1	X	1		1	1						A
Mali	A	18	18	MC	2	2	X	5	1	1	1	1					A
Mauritania	A	8	6	MC		1	X	2	1			1					B
Mauritius	NA	0	0														
Mozambique	B	7	8	OC	1	1	X										B
Niger	A	22	22	MC	2	2	X	7	1	2	1	1					A
Nigeria	B	2	2	OI			X				1						B
REDSO/ESA	A	29	29	MC	1	5	X	3	1		1	3					A
REDSO/WCA	A	35	35	MC	1	6	X	3	1		2	2					A
Rwanda	A	9	9	OC	1	1	X	2			1						A
Sao Tome	NA	0	0														
Senegal	A	23	23	MC	2	3	X	5		2	1	1					A
Seychelles	NA	0	0														
Sierra Leone	B	2	1	OI													B
Somalia	A	26	26	MC	2	2	X	3	1	2		1					A
South Africa	A	9	9	MC	1	3	X										A
Sudan	A	25	25	MC	2	3	X	3		1	2	3					A
Swaziland	A	15	14	MC	1	1	X	1		1	2						A
Tanzania	B	5	5	OC		1	X										B
Togo	B	5	5	OC	1		X	1		2							B
Uganda	A	8	8	MC	1	1	X	2									A
Zaire	A	21	21	MC	2	2	X	4			3						A
Zambia	A	8	8	MC	1	1	X	1									A
Zimbabwe	A	12	12	MC	1	2	X	1	1			1					A

DELEGATION OF AUTHORITY NO. 551

TO: Africa Bureau Field Posts
FROM: Assistant Administrator for Africa

Section 1. Purpose

The purpose of this delegation of authority is to delegate a series of operating authorities to the Mission Directors and other principal officers of Africa Bureau field posts. The authorities delegated hereby are principal authorities vested in the Assistant Administrator for Africa for the administration of the United States foreign assistance programs for Africa. This particular delegation of authority reflects revisions of prior field authorities based on past experience, changes in A.I.D. policy concerning authorities redelegated to field posts and the staffs available to the various field posts for the effective exercise of authorities.

Section 2. Issuance Authority

This delegation is issued pursuant to A.I.D. Delegations of Authority 400, 401, 402, 403, 405 and 427 and A.I.D. Handbooks, Manual Orders, airgrams and other directives and memoranda.

Section 3. Definitions

- A. "Project," for purposes of this delegation, includes project and nonproject assistance.
- B. "Project Assistance Completion Date" ("PACD") is the estimated date by which all A.I.D.-financed goods are to have been delivered or all services performed under the Project Agreement. In nonproject assistance, the equivalent date is the terminal date for requests for disbursement authorizations.
- C. "Life of Project" means the period of time from the signature of the project agreement or other obligating document to the PACD.
- D. "Act" means the Foreign Assistance Act of 1961, as amended.
- E. "PID" means project identification document for project assistance and program assistance initial proposal for nonproject assistance.

- F. "Schedule A" and "Schedule B" refer to the designations of Africa Bureau field posts as set forth from time to time in memoranda or cables authorized by the Assistant Administrator for Africa ("AA/AFR") or the AA/AFR's designee.
- G. As used herein with respect to a field post listed in Schedule A, the term "director" means the Mission Director or the principal A.I.D. officer for such post.

Section 4. Project Authorization Authority

- A. The following authorities are hereby delegated to the principal officers of Africa Bureau field posts set forth in Schedules A and B for their respective countries or areas of responsibility, except that the concurrence of the appropriate REDSO Director is required prior to the exercise of such authorities by the principal officers of the posts set forth in Schedule B:

(1) The authority to authorize a Project, if the project:

- a. Does not exceed \$20 million over the approved Life of Project;
- b. Does not present significant policy issues;
- c. Does not require issuance of waivers that may only be approved by the Assistant Administrator for Africa or the Administrator, unless such waivers are approved prior to authorization; and
- d. Does not have a Life of Project in excess of ten years.

(2) The authority to amend Project authorizations executed by any A.I.D. official unless:

- a. The amendment will result in total Life of Project funding of more than \$30 million;
- b. The amendment presents significant policy issues or deviates from the original Project purpose; or
- c. The amendment requires issuance of waivers that may be approved only by the Assistant Administrator or the Administrator, unless such waivers are approved prior to authorization of the amendment.

(3) The authority to approve extensions of the Life of a Project, provided that the extension does not result in a new total Life of Project of more than ten years.

B. Prior to the authorization of any Project in accordance with paragraph A, a PID must have been approved. PID approval authorities shall be as follows:

(1) The directors and principal officers of the field posts set forth in Schedule A and Schedule B are hereby delegated the authority to approve PIDs for their respective countries or areas of responsibility for which the approved Life of Project funding does not exceed \$2,500,000, except that the concurrence of the appropriate REDSO director also shall be required for PIDs approved by the directors and principal officers of the field posts set forth in Schedule B.

(2) All other PIDs must be approved by AID/W (unless PID approval authority is redelegated to the field on an ad hoc basis at the time of the ABS review). Prior to the submission to AID/W for approval of PIDs prepared by field posts set forth in Schedule B, the concurrence of the appropriate REDSO director shall be required.

Section 5. Project Implementation Authorities.

The following authorities are hereby delegated to the principal officers of Africa Bureau field posts set forth in Schedules A and B for their respective countries or areas of responsibility, except that the concurrence of the appropriate REDSO Director is required prior to the exercise of such authorities by the principal officers of the posts set forth in Schedule B:

A. Host Country Assurances. The authority to receive and determine the adequacy of assurances with respect to Projects as required under Section 110 of the Act, but not to waive the requirements of Section 110.

B. Negotiation and Execution. Authority to negotiate and execute loan and grant agreements, and amendments or modifications thereto, with respect to loans and grants authorized under the Act in accordance with the terms of the authorization of such loans or grants. For purposes of this section, "grant agreements" shall mean agreements with foreign governments, foreign government agencies, and international organizations having a membership consisting primarily of such foreign governments.

- C. Implementation. Authority to implement loan and grant agreements with respect to loans and grants authorized under the Act and loans authorized by the Board of Directors of the Corporate Development Loan Fund, including the following:
- (1) Authority to issue Project Implementation Letters;
 - (2) Authority to review and approve documents and other evidence submitted by borrowers or grantees in satisfaction of conditions precedent to financing under such loan or grant agreements;
 - (3) Authority to negotiate, execute and implement all agreements and other documents ancillary to such loan or grant agreements;
 - (4) Authority to sign or approve Project Implementation Orders; and
 - (5) Authority to approve the selection of host contractors, review and approve the terms of host country contracts and amendments and modifications thereto, and requests for proposals and invitations for bids with respect to such contracts financed by funds made available under such loan and grant agreements.
- D. Extension of Terminal Dates. Authority to extend the following terminal dates, provided that this authority shall be exercised in writing including a justification therefore and an analysis of the steps that might be taken to accelerate implementation:
- (1) The terminal date for signing a Project agreement for a cumulative period not to exceed six months; and
 - (2) The terminal date for meeting initial conditions precedent for a cumulative period not to exceed six months.
- E. Source, Origin and Nationality Waivers. Authority to waive and grant special exceptions, in accordance with Supplement B of Handbook 1, of source, origin or nationality requirements to permit the procurement of commodities and services (exclusive of transportation services) in countries included in A.I.D. Geographic Code 941, 899, or 935, subject to the following:

- (1) All such waivers shall be in writing, including the justification therefor and the certification required herein, signed by the principal officer of the field post and copies of such waivers shall be forwarded to the Director, AFR/PD, and to M/SER;
- (2) Each waiver to Code 935 or 899 for commodities shall contain a certification signed by the principal officer of the field post that "exclusion of procurement from free world countries other than the cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program";
- (3) Each waiver of the requirement that motor vehicles be manufactured in the United States shall contain a certification signed by the principal officer of the field post that "special circumstances exist to waive the requirements of Section 636(i) of the Act";
- (4) Each waiver of the nationality requirement for suppliers of services to Code 899 or 935 shall contain a certification signed by the principal officer of the field post that "the interests of the U.S. are best served by permitting the procurement of services from free world countries other than the cooperating country and countries included in Code 941";
- (5) Each waiver shall be made after consultation with a Regional Legal Adviser ("RLA"), or if the RLA is unavailable, with GC/AFR. Waivers for commodities shall be made after consultation with a Supply Management Officer ("SMO"), and waivers for suppliers of services shall be made after consultation with a Regional Contracting Officer ("RCO"), or if the SMO or RCO are unavailable, after consultation with M/SER.
- (6) The amount of such waivers for commodities and services shall not exceed \$5 million per transaction except for motor vehicles which shall not exceed \$50,000 per transaction (exclusive of transportation costs);
- (7) Waivers or exceptions made under this Section 5.E shall be based upon the appropriate criteria set forth in Handbook 1 (Supplement B), as amended from time to time, except that this redelegation under Section 5.E shall not apply to any waiver based upon the criterion "persuasive political considerations." Waivers based upon this specific criterion shall be referred to the Assistant Administrator for Africa for approval.

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- F. Commodity Eligibility. The authority under paragraphs (1) and (2) of Section 4A1c of Chapter 4 of Handbook 1, Supplement B, to approve the eligibility of commodities which otherwise are ineligible under the "A.I.D. Commodity Eligibility Listing". However, authority is not delegated to make eligible those commodities which are restricted or ineligible under Section 4C or Section 4D of Chapter 4 of Handbook 1, Supplement B. With respect to such commodities, the specific waiver provisions of said Sections 4C and 4D shall apply.
- G. Competitive Procurement Waiver. The authority (1) to waive, in accordance with the terms and provisions of Handbook 1, Supplement B, Chapter 12, Section 12C4a, competition in the procurement of commodities and services under a host country contract and to authorize a single-source negotiated contract, and (2) to waive, in accordance with the terms and provisions of Handbook 15, Chapter 3, Section 3B3b (which incorporates by reference the procedures set forth in Handbook 11, Chapter 3, Sections 2.2 and 2.3), competition in the procurement of commodities by a public sector entity and to authorize a single-source negotiated contract. The estimated procurement authorized pursuant to these authorities may not exceed \$1,000,000 per transaction (exclusive of transportation costs for commodities).
- H. CBD Publication Waiver. The authority to waive the requirement for publication of procurement notices in the Commerce Business Daily or an A.I.D. publication (1) pursuant to the terms and provisions of Handbook 1, Supplement B, Chapter 12, Section 12C4b, in the case of host country contracts and (2) pursuant to the terms and provisions of Handbook 15, Chapter 3, Section 3B3b (which incorporates by reference the procedures set forth in Handbook 11, Chapter 3, Sections 2.2 and 2.3), in the case of commodity procurements by public sector entities. Such waiver authorities are limited to host country contracts and commodity procurements which are less than \$500,000 in estimated value per transaction.
- I. Grants and Cooperative Agreements. The authority (as the Assistant Administrator's designee) to approve the selection of assistance recipients under Handbook 13, Chapter 2, Section 2B2, on the basis of limited competition, no competition or unsolicited applications with respect to field-approved grants and cooperative agreements. Such authority shall apply with respect to awards of grants and cooperative agreements (1) to

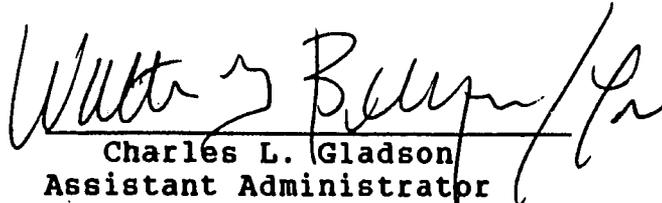
indigenous recipients, without regard to the amount of the award and (2) to nonindigenous recipients, only for awards of \$1,000,000 (or the local currency equivalent) or less.

- J. Other. The authority delegated to Mission Directors or principal heads of field posts in A.I.D. Handbooks, Manual Orders, regulations (published or otherwise), policy directives, policy determinations, memoranda, and other instructions as they may be amended, supplemented or superseded from time to time.

Section 6. Miscellaneous.

- A. Instructions. The functions herein delegated shall be exercised in accordance with instructions from the AA/AFR or the AA/AFR's designee.
- B. Technical Review. Prior to the exercise of the authority delegated herein, appropriate technical review, including legal, shall be undertaken.
- C. REDSO Concurrence Procedures. REDSO concurrence responsibility will be exercised in accordance with written procedures, jointly established by the appropriate REDSO and each field post.
- D. Documentation. A copy of each document (e.g., action memorandum or Project Implementation Letter) by which any authorization or implementation authority is exercised by field posts under Sections 4 or 5 of this Delegation of Authority shall be forwarded to the Director, AFR/PD.
- E. Subsequent Redelelegation. The authorities delegated to the directors of field posts listed in Schedule A may be exercised by persons performing the functions of the director on a "acting" basis and may be redelegated by the director to the principal deputy of the director, but the authorities set forth in Section 4 may not be further redelegated. The authorities delegated to principal officers of field posts listed in Schedule B may be exercised by persons performing the functions of principal A.I.D. officer on an "acting" basis but may not be further redelegated. Except as provided herein, further redelegation of the authorities set forth in Section 5 may be made only with the concurrence of the Assistant Administrator for Africa.

- F. DOA General Provisions. Except as provided above in Section 6.E, the DOA General Provisions of Chapter 1 of Handbook 5 apply to this DOA 551.
- G. Delegation of Authority Affected. Existing Delegation of Authority Number 551, dated December 23, 1986, is hereby superseded in its entirety.
- H. Effective Date. This Delegation of Authority is effective immediately.



Charles L. Gladson
Assistant Administrator
for Africa

Date 1/26/88

DWL 1/15/88

Drafted:GC/AFR:DLuten:12/10/87:gw:2372H

MEMORANDUM

TO : Africa Bureau Field Posts

FROM : AA/APR, Charles L. Gladson *WLB/ln*

SUBJECT: Africa Bureau Instructions on Revised Delegation of Authority No. 551 dated JAN 26, 1988

A. Introduction

On Jan 26, 1988, I revised Africa Bureau Delegation of Authority No. 551 to expand certain of the approval and implementation authorities delegated to the field in the previous version of DOA 551 dated December 23, 1986. The purpose of this Memorandum is to summarize the major provisions of DOA 551, as revised, and to provide certain instructions relating to your implementation of the delegated authorities contained therein. Much of the following guidance has been communicated to the field previously from time-to-time. However, I believe it is useful to set forth these basic instructions and guidance in a single document to facilitate reference.

As you know, DOA 551 delegates various authorization and implementation authorities relating to both project and nonproject forms of assistance. Thus, the term "Project" is defined in DOA 551 to refer not only to project assistance, but also to nonproject assistance. Likewise, the terms "Project Assistance Completion Date" and "PID" are defined to also refer to the nonproject equivalents of such terms where appropriate. These (and the other) terms given defined meanings in DOA 551 have the same meanings when used in this Memorandum, unless otherwise noted.

B. Project and Non-Project Authorization Authorities

In revised DOA 551, the authorities delegated to the principal officers of Africa Bureau field posts (for Schedule B posts, with the prior concurrence of the appropriate REDSO director) to authorize a Project or amend a Project authorization remain as follows:

- (1) The authority to authorize a Project, if the Project:
 - a. Does not exceed \$20 million over the approved life of Project;
 - b. Does not present significant policy issues;
 - c. Does not require issuance of waivers that may only be approved by the Assistant Administrator for Africa or the Administrator, unless such waivers are approved prior to authorization; and
 - d. Does not have a life of Project in excess of ten years.

- (2) The authority to amend Project authorizations executed by any A.I.D. official unless:
 - a. The amendment will result in total life-of-Project funding of more than \$30 million;
 - b. The amendment presents significant policy issues or deviates from the original Project purpose; or
 - c. The amendment requires issuance of waivers that may be approved only by the Assistant Administrator or the Administrator, unless such waivers are approved prior to authorization of the amendment.

- (3) The authority to approve extensions of the life of a Project, provided that the extension does not result in a new total life-of-Project of more than ten years.

DOA 551 also delegates authority to the field to determine pursuant to Section 110 of the Act, whether the assurances by a host country that it will contribute at least 25 percent of the total cost of a Project are satisfactory. This does not include the authority to waive the 25 percent contribution requirement for RLDCs. Requests for such waivers from eligible countries must be referred to AA/AFR.

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Please bear in mind that all activities, regardless of amount, to be funded by the Bureau require the preparation of a PID or PID-like document. This document must be approved in the field or in Washington, as appropriate, by means of an ECPR (or similar review) before initiating the preparation of a Project Paper or like document.

DOA 551 delegates the authority to both Schedule A and Schedule B posts to approve PIDs for which the approved Life of Project funding does not exceed \$2,500,000. Note that DOA 551 has been revised to grant this authority to the principal officers of Schedule B posts, subject to REDSO concurrence. Previously, DOA 551 had delegated such PID approval authority only to Schedule A posts.

All other PIDs must be approved by AID/W (unless PID approval authority is redelegated to the field on an ad hoc basis at the time of the ABS review). Further, with respect to PIDs prepared by Schedule B posts which require AID/W approval, the concurrence of the appropriate REDSO director must be obtained prior to the submission of the PID to AID/W. DOA 551 has been revised to reflect this requirement.

In approving Project or Project amendment authorizations, field posts should conduct formal ECPR-type reviews which permit the full vetting of relevant issues from a variety of perspectives within the post. In order to facilitate critical analyses, field posts are encouraged to invite staff from neighboring posts, REDSO's or AID/W to participate in their formal Project reviews.

In connection with the approval of Projects and amendments, you should ensure that all "advice of program change" (Congressional Notification) requirements have been satisfied, that the Project is in the OYB, and that the allotment requirements have been completed. All senior staff at field posts should be familiar with these requirements. Further, it is essential that each post has a control system to assure compliance with Congressional Notification requirements and funding availabilities. If there is any doubt as to the need for notification, the post should consult with AFR/DP. For all Projects requiring notification, the post should submit a draft advice of program change and a revised Project data activity sheet to the country desk. AID/W's cable advice that notification has been made, the waiting period has expired without objection, and required funding allotments have been made, must be received prior to Project or amendment authorization by the post.

Under DOA 551, I have reserved to myself the same authorities delegated to you. Thus, in certain cases, such as special or innovative Projects, or Projects which raise unique issues, AID/W may determine that the Project should be reviewed and authorized by AID/W. On the other hand, you may, for whatever reason, not wish to exercise your delegated authority in specific instances and prefer to have AID/W authorize the Project. In these events, such decisions should be made at the PID stage, although such action at a later stage in the Project design process is permitted.

Project and amendment authorization authority under DOA 551 does not extend to Projects which "present significant policy issues." Thus, where decisions with respect to complicated or controversial issues may be vulnerable to serious criticism or protests after Project inception, you should seek AID/W views and guidance on an appropriate course of action before the Project is authorized and obligated. Further, in general, when difficult design or implementation questions arise prior to authorization, involving such matters, for example, as covenants, conditions or procurement plans, we encourage you to seek AID/W views and guidance prior to final action in order to avoid subsequent problems. Such a dialogue between the field and AID/W is not meant to diminish your authority or responsibility under this delegation, but to allow you to exercise your authority in the most informed manner possible.

C. Project and Nonproject Implementation Authorities

1. Execution of Grant and Loan Agreements

The authority to negotiate and execute grant and loan agreements continues under revised DOA 551. As you negotiate and prepare these documents, please remember that the appropriate model formats for such documents must be utilized. The formats for "project" loan and grant agreements are appendices to Chapter 6 of Handbook 3. In preparing agreements to implement "nonproject" assistance, you should refer to Handbook 4. Chapter 4 of Handbook 4 delineates the CIP obligation process and includes model formats for CIP grant and loan agreements. Chapter 8 of Handbook 4 provide general guidance with respect to the approval and implementation of cash transfer agreements, but is outdated in some respects and lacks certain relevant details. Thus, recent AID/W and Africa Bureau guidance on cash transfers and local currency programming should be consulted. Also, you should seek the assistance of your RLA in connection with the preparation of any cash transfer agreement. For both "project" and "nonproject" assistance, deviations from the model formats that

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are not expressly covered by the drafting instructions accompanying the formats must be approved by AA/AFR after consultation with GC.

Care must be taken in drafting agreements to ensure that the project description and the conditions and special covenants of such agreements are consistent with the Project authorization. All loan agreements and those grant agreements that are not routine must be drafted or cleared by your RLA or GC/AFR. Most Projects are complex undertakings involving a number of activities, phasing of obligations and inputs, coordination with a number of host country institutions, waivers, etc. Each grant agreement should therefore, be drafted or cleared by GC (either the RLA or GC/AFR), unless the field post recommends, and the officer approving the Project determines, that the Project grant agreement is routine and does not require the services of a lawyer either in drafting or clearing the agreement. When this decision is made with respect to Projects approved in the field, it should be made after consultation with the RLA.

Also, if you should determine that it is appropriate to make subsequent revisions to documents which your RLA (or GC/AFR) has reviewed previously, you should contact the attorney involved to discuss such further changes.

DOA 551 does not affect the authority of the respective field posts to negotiate and execute grants (other than grants to foreign governments) and cooperative agreements. These authorities have been delegated within certain limits by the Administrator to the Assistant Administrator for Management and are redelegated by that office to the field. See Chapter 1 of Handbook 13 for a summary of these delegations. You will note, however, that DOA 551 has been revised to delegate authority to principal officers in the field to approve, in connection with field-approved grants and cooperative agreements, the selection of assistance recipients on the basis of limited or no competition in certain circumstances. This revision is discussed below in Section C.6 of this Memorandum.

2. Extension of Terminal Dates.

The authority to extend terminal dates for the signing of a Project agreement and the satisfaction of initial conditions precedent (in each case for a cumulative period not to exceed six months) continues in revised DOA 551. Care must be taken to ensure that these dates do not pass inadvertently without

extension. A copy of each extension must be provided to AFR/PD, together with an analysis of how implementation may be accelerated. Extensions of terminal dates for periods aggregating longer than those indicated in DOA 551 must be submitted to the AA/AFR.

3. Source, Origin and Nationality Waivers

a. Background. The generally authorized sources of procurement of A.I.D. financed goods and services represent a substantial U.S. public policy. The restriction of foreign exchange procurement to the U.S. in grants to countries that are not RLDCs is primarily an effort to minimize the adverse effects on the U.S. balance of payments and economy resulting from U.S. efforts to assist the people of the developing world. It also permits American producers, suppliers and taxpayers to benefit from U.S. funding of goods and services required for the U.S. assistance program.

The expanded authorized source of foreign exchange procurement to countries included in Code 941 for loans and for grants to RLDCs reflects the fact that procurement of goods and services in a country can stimulate the economy of the country and the development of industry and enterprise. Countries included in Code 941 are generally the developing countries to which the U.S. provides assistance, and the development of private enterprise in those countries is consistent with U.S. assistance objectives.

It is expected that A.I.D. procurement policy will be carefully maintained. On the other hand, A.I.D.'s primary objective is to furnish assistance. There are instances in which the two objectives, furnishing assistance and observing procurement requirements, both can not be achieved. In such cases, waivers of procurement source, origin and nationality may be appropriate.

b. FY1988 Continuing Resolution. The recently enacted FY1988 Continuing Resolution, H.J. Res. 395 ("C.R."), includes a provision which has the effect, in general, of waiving the application of U.S. source and origin procurement requirements to assistance activities funded from the special Sub-Saharan Africa account included in the C.R. As a result of this provision, much of the following discussion regarding waivers will not be applicable to procurement activities funded from the Sub-Saharan Africa account. The Africa Bureau will provide separate guidance, as appropriate, on the application of the waiver provision included in the C.R., as well as any recordkeeping and reporting requirements which will be imposed in connection with its use. Prior to the issuance of such guidance, field posts should continue to follow existing handbook requirements and procedures.

With respect to procurements funded from any account other than the C.R.'s special Sub-Saharan Africa account, existing source, origin and nationality requirements continue to apply. Thus, you should consider the following discussion, as well as consult with the relevant Handbooks, in connection with procurement activities funded from other sources.

c. Limitations. This delegation provides authority for the principal officers of African field posts to permit procurement of goods and services (but not transportation services under Handbook 1 Supplement B, Chapter 7) from countries listed in Codes 941, 899 and 935 in an amount not to exceed \$5,000,000 per transaction (exclusive of transportation costs), except for motor vehicles for which the waiver authority is limited to \$50,000 per transaction.

It is not intended that this delegation substitute for effective procurement planning in the design of a Project. Thus, any necessary waivers should be obtained at the earliest possible time, preferably at the time the Project is authorized. The person authorizing the Project should take into consideration the amount of waivers required for its implementation as one of the factors bearing on its approval. If waivers can be identified at such time, they should be presented to the officer authorizing the Project, irrespective of the amount of the waiver, unless it exceeds the authority of that person.

d. Exclusions. This delegation does not include authority to issue waivers for transportation services or to make determinations of non-availability for cargo preference. Generally, the approval of M/SER/OP is required to authorize such actions. See Handbook 1, Supplement B, Chapter 7, concerning transportation services, and Chapter 10, regarding cargo preference requirements.

e. Guidance. Guidance in the procurement of goods may be found in Handbooks 1 (Supplement B), 15, 11 and 13. Guidance in the procurement of services may be found in Handbooks 1 (Supplement B), 11 and 13. Procurement of goods and services must be in accordance with these requirements.

f. Criteria for Waivers. Justifications for source, origin and nationality waivers in connection with the procurement of goods must be based upon the specific criteria set forth in Chapter 5 (Sections 5B and 5C) of Handbook 1, Supplement B. Waivers relating to the nationality of suppliers of services must meet the requirements of Section 5D of Handbook 1, Supplement B, and must be based upon one of the specific criteria stated therein. With respect to privately owned commercial suppliers, these criteria are nearly identical to the criteria for source and origin waivers for goods. Thus, the additional comments below are applicable to waiver justifications not only for goods and but also for services from private commercial suppliers. Certain additional criteria (not discussed herein) apply if a proposed supplier of services is a government-owned organization. (See Handbook 1, Supplement B, Section 5D).

Pursuant to DOA 551, field posts may issue waivers based upon the criteria set forth in these sections, except for the criterion based upon "persuasive political considerations." Waivers based upon this criterion must be referred to AA/AFR for approval. You will note that DOA 551 has been revised to eliminate the requirement that waivers based on the criterion of "such other circumstances as are determined to be critical to the success (or achievement) of project objectives." Thus, principal officers now may approve waivers for goods and services based on this justification, but should be aware that use of this new criterion will be carefully monitored by AID/W.

Waivers based upon an "emergency requirement" should be made only after an effective procurement plan has been developed which indicates that the goods or services from an authorized source cannot be provided by that time. It is expected that the procurement plan for a Project will take into consideration the time particular goods and services are required for effective implementation and the lead time required to have the goods and services delivered or provided when needed. This would include, for example, the time required for competition, for manufacturing or processing and for delivery from the authorized source. Procurement actions should be initiated well enough in advance of anticipated need to allow for such foreseeable lead time. Any waiver based upon an emergency requirement must specifically identify what is needed, when, why it is needed then, the time when the need became (or should have become) apparent and the time involved in procuring the goods and services from an authorized source.

Waivers based upon the unavailability of goods or services from an authorized source may be made if a commodity is not effectively available from the authorized source in terms of the continued availability of spare and repair parts and maintenance to ensure that the commodity will have a normal useful life. The justification for such waivers should reflect the realistic availability of spare and repair parts and maintenance for the commodity at the point of utilization. It should also reflect the nature and extent of the search made for the goods and services from authorized sources. You may wish to consult with M/SER/OP for assistance regarding the availability of goods and services from the U.S. and other countries since that office will likely have access to better sources of information than most field posts.

Also, it should be noted that the criterion based on excessive cost from an authorized source set forth in Section 5B.4.a(3) for commodities is limited to waivers from Code 000 (U.S.) to Code 941 and not to Code 935 or 899.

g. Order of Preference. Please keep in mind the required order of preference in making procurement waivers. When Code 000 is the authorized geographic code, procurement waivers to Code 935 may be made only after waiver to Code 941 has been considered and rejected. The waiver justification should reflect that Code 941 was considered and the reason it was rejected.

h. Waiver Control. A copy of each commodity waiver issued in the field should be maintained in the Project file to which it relates and in a special file maintained by the post for waivers. Copies of each waiver also should be sent to M/SER/PPE and the Director of AFR/PD. In addition, note that Handbook 1, Supplement B, Chapter 5, Section 5B4c(3)(b) requires that a summary of each commodity waiver be promptly cabled to AA/AFR. The summary should identify the Project covered by the waiver, the type of waiver, the grounds for the waiver, and the amount (in U.S. Dollar equivalents) and nature of the commodities purchased under the waiver.

4. Competitive Procurement Waivers

The authority of principal field officers to waive competition in the procurement of goods and services under host country contracts for "project" assistance remains unchanged. However, DOA 551 has been revised to delegate authority to principal field officers to waive competition for CIP procurements by public sector entities. This revision accords

with the recent revision to Handbook 15, Chapter 3, Section 3B3b which makes the procurement procedures for goods under host country contracts pursuant to Handbook 11, Chapter 3, Sections 2.2 and 2.3 applicable to public sector procurements under CIPs. The effect of this revision is to provide regional assistant administrators with the authority to approve single source negotiated contracts in amounts of less than \$1,000,000 each. Revised DOA 551 redelegates this authority to the field. As such, principal officers in the field now may waive competition in connection with CIP procurements by public sector entities, where appropriate, by following the requirements of Handbook 11, Chapter 3, Section 2.2.

Also note that DOA 551 has been revised, based on the above-noted changes to Handbook 15, Chapter 3B3b, to permit principal field officers to waive the requirement for publication of procurement notices with respect to CIP procurements by public sector entities of less than \$500,000 each. The provisions of Handbook 11, Chapter 3, Section 2.3 now govern such waiver determinations.

5. Commodity Eligibility

DOA 551 has been revised to delegate authority to the field to approve the eligibility of (otherwise ineligible) commodities under Section 4A1c of Chapter 4 of Handbook 1 (Supplement B). This delegation does not include the authority to make eligible the restricted or ineligible commodities specified in Sections 4C and 4D of Chapter 4 of Handbook 1 (Supplement B). The specific waiver provisions of Sections 4C and 4D must be followed in connection with any proposed procurement of the commodities covered by those Sections. Also, note that limited authority is provided separately in DOA 551 to authorize the eligibility of motor vehicles.

6. Grants and Cooperative Agreements

DOA 551 has been revised to provide principal officers in the field with the authority, as my designees pursuant to Handbook 13, Chapter 2, Section 2B2, to approve the selection of assistance recipients for certain grants and cooperative agreements on the basis of no competition, limited competition or unsolicited applications. This authority applies to all proposed grants and cooperative agreements, except for (a) grants to foreign governments (or agencies thereof), (b) grants pursuant to the special programs described in Handbook 13, Chapter 2, Section 2B2(e), and (c) grants to public "international organizations" as defined in Handbook 13, Chapter 5. (Handbook 13, Chapter 5 defines a public

"international organization" to mean any organization created by international agreement and having membership consisting mainly of foreign governments, and in which the United States participates by treaty or statute.) Under this new delegated authority, awards to indigenous recipients may be made without regard to the amount of the award, while awards to non-indigenous recipients shall be for \$1,000,000 (or the local currency equivalent) or less.

As you know, care must be exercised in reaching the decision to utilize an assistance instrument as opposed to a contract. Further, once it has been determined that use of an assistance agreement is justified, you should note that Handbook 13 expresses A.I.D.'s preference for competition in the award of grants and cooperative agreements. Therefore, to the maximum extent practicable, you should encourage competition in the selection of such assistance recipients notwithstanding the authority delegated to you to approve awards on the basis of limited or no competition.

No limitation is imposed on the amount of such awards to indigenous recipients, as it is likely in most instances that the Africa Bureau's field officers have better knowledge of such parties than AID/W. Therefore, the time consuming step of additional AID/W review of the selection procedures for such recipients has been eliminated. However, concerning non-indigenous recipients, in many situations AID/W may have access to relevant information about proposed recipients which is not available to the field and which should be considered in making substantial awards. Thus, with respect to proposed limited or no competition awards of more than \$1,000,000 to U.S. and international nongovernmental entities, AA/AFR approval is still required.

You should note that the authority granted to principal field officers as designees of AA/AFR under Handbook 13, Chapter 2, Section 2B2 relates only to the procedures for selecting recipients. The authority of mission directors and professional grant officers to execute grants and cooperative agreements is governed by separate delegations of authority from the Assistant Administrator for Management.

7. Technical Consultations

The responsible exercise by Schedule A and Schedule B posts of the implementation authorities delegated to the field by DOA 551 requires a variety of expertise, some of which is not generally found in all posts. In addition to project officers, implementation actions require legal, contracting, engineering

and supply support, as well as the technical skills (as appropriate) possessed by health, agricultural and other advisors. Specialized support is particularly helpful in connection with the review and approval of IFBs, RFPs, contractors and host country contracts in accordance with Handbook 11. In considering implementation actions, you should consult with the RLA, Regional Contracting Officer, Regional Supply Officer and other REDSO based specialists, unless such services are available at your post. Further, when core staff members are away from post, principal officers are urged to contact the personnel performing equivalent functions at the appropriate REDSO for assistance.

As you know, timely and effective consultation with REDSO-based personnel requires careful scheduling and coordination, especially for matters which cannot be resolved by telephone or an exchange of cables. Nonetheless, it is imperative that necessary consultations be accomplished.

D. REDSO Concurrences

As you know, the concurrence of the appropriate REDSO director is required in connection with the exercise of both the authorization and implementation authorities delegated by DOA 551 to the principal officers of Schedule B posts. In order to facilitate this requirement, Schedule B posts should consult with their respective REDSO's concerning the preparation and approval of any document (e.g. Project Papers and PAADs) which later may require concurrence with respect to implementation matters.

At the time DOA 551 was originally issued, REDSO's and Schedule B posts were required to develop written procedures for exercising the REDSO directors' concurrence authority, and all posts were required to develop procedures for obtaining appropriate REDSO technical input and review. Each post should review procedures now in effect based on the past year's experience. Any problems which are identified should be reviewed with the relevant REDSO with a view towards revising procedures as appropriate.

E. Redelegation of Authorities

I hereby restate AA/AFR's concurrence pursuant to Section 6E of DOA 551 that the directors of ten field posts may at their discretion redelegate certain routine implementation authorities to their senior division chiefs. The ten missions are Cameroon, Kenya, Liberia, Niger, Senegal, Somalia, Sudan, Zaire, REDSO/EA and REDSO/WA. The authorities which may be

redelegated are the following: (a) signing routine project implementation letters; (b) approving noncontroversial conditions precedent; (c) signing PIO's; and (d) approving host country contracts up to an amount determined by the director (within his/her authority). For the purposes of such redelegations, "senior division chiefs" shall include the senior officers at each smaller post for which primary responsibility lies with another larger post. For instance, the senior officer in the Central African Republic shall be considered to be a senior division chief of the mission director for Cameroon.

REDSO directors may use this special redelegation authority only in implementation of the country and regional activities for which they have direct management responsibility. REDSO director concurrence authorities may not be subsequently redelegated within REDSO, except to those persons performing the functions of the REDSO director on an "acting" basis.

F. Reporting to AID/W

Please remember that DOA 551 requires that a copy of each document by which any authorization or implementation authority is exercised under DOA 551 shall be forwarded to the Director of AFR/PD.

G. Conclusion

The recent revisions to DOA 551 resulted from the field's and AID/W's experience during the past year. While these changes are not far-reaching, they are intended to improve program effectiveness and better utilize A.I.D. resources. In order to ensure that the exercise of authorities under DOA 551 result in improved implementation and greater development impact, we must carefully follow all applicable laws, regulations, handbooks and policy guidance. Care of this sort, together with our adherence to principles of good management, are essential to continued success.

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DELEGATION OF AUTHORITY NO. 553

TO: Africa Bureau (A.I.D./W)
FROM: Assistant Administrator for Africa

Section 1. Purpose.

The purpose of this delegation of authority is to delegate a series of operating authorities to certain A.I.D./Washington offices of the Africa Bureau. The authorities delegated hereby are authorities vested in the Assistant Administrator for Africa for the administration of the United States foreign assistance programs for Africa.

Section 2. Issuance Authority.

This delegation is issued pursuant to A.I.D. Delegations of Authority 400, 401, 402, 403, 405 and 425.

Section 3. Definitions. Unless the context requires otherwise:

- A. "Project," for purposes of this delegation, includes project and nonproject assistance.
- B. "Act" means the Foreign Assistance Act of 1961, as amended.
- C. "PID" means project identification document for project assistance and program assistance initial proposal for nonproject assistance.
- D. The "Assistant Administrator" means the Assistant Administrator for Africa.
- E. A "regional project" means a project (other than a Southern Africa regional project) managed by the Africa Bureau which entails activities in two or more countries in the Africa region or which is implemented through a regional organization.

Section 4. Project Waiver Authority.

The following authorities are hereby delegated to the Director, AFR/PD:

- A. Approval of Host Country Contracts. The authority to approve the selection of suppliers of goods or services under host country

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contracts and to review and approve the terms of host country contracts and amendments and modifications thereto, and requests for proposals and invitations for bids with respect to such contracts financed by funds made available by A.I.D.

B. Source, Origin and Nationality Waivers. The authority to waive in accordance with the criteria prescribed in Handbook I, Supplement B, source, origin and nationality requirements to permit the procurement of goods and services (exclusive of transportation services) in countries included in A.I.D. Geographic Code 941, 899, or 935 subject to the following:

(1) All such waivers shall be in writing, including the justification therefor and the certification required herein, signed by the Director, AFR/PD.

(2) Each waiver to Code 899 or 935 for the procurement of goods shall contain a certification signed by the Director, AFR/PD, that "exclusion of procurement from free world countries other than the cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program."

(3) Each waiver of the requirement that motor vehicles be manufactured in the United States shall contain a certification signed by the Director, AFR/PD, that "special circumstances exist to waive the requirements of Section 636(i) of the Foreign Assistance Act."

(4) Each waiver to Code 899 or 935 of the nationality requirement for suppliers of services shall contain a certification signed by the Director, AFR/PD, that "the interests of the U.S. are best served by permitting the procurement of services from free world countries other than the cooperating country and countries included in Code 941."

(5) Each waiver shall be made only after consultation with GC/AFR and M/SER/OP. Clearance of the waiver by GC/AFR and M/SER/OP will be sufficient evidence of the required consultation. A copy of each A.I.D./W-approved waiver must be sent to M/SER/PPE.

(6) The amount of such waivers for goods and services shall not exceed \$5 million per transaction except for motor vehicles which shall not exceed \$50,000 per transaction (exclusive of transportation costs).

(7) Waivers or exceptions made under this redelegation shall be based upon the appropriate criteria set forth in Handbook I, Supplement B, as may be amended from time to time, except that this redelegation shall not apply to any waiver based upon the criteria "persuasive political

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considerations" or "such other circumstances as are determined to be critical to the success (or achievement) of project objectives." Waivers based upon these specific criteria shall be referred to the Assistant Administrator for approval.

- C. CBD Publication Waiver. The authority to waive the requirement for publication of procurement notices in the Commerce Business Daily or an A.I.D. publication, pursuant to the terms and provisions of Handbook 1, Supplement B, Chapter 12C4b, except that such waiver authority is limited to host country contracts which are less than \$500,000 in estimated value.
- D. Designee for Noncompetitive Selection of Assistance Recipient. With respect to field-approved grants and cooperative agreements, the authority to approve (as the AA/AFR's designee) the selection of an assistance recipient under Handbook 13, Chapter 2B2, on the basis of limited or no competition.

Section 5. Project Implementation Authorities.

The following authorities are hereby delegated to the Director, AFR/SWA, the Director, AFR/TR, and the Director, AFR/OEO, each with respect to regional projects within his or her area of responsibility:

- A. Implementation. Authority to implement loan and grant agreements with respect to loans and grants authorized under the Act and loans authorized by the Board of Directors of the Corporate Development Loan Fund, including the following:
 - (1) Authority to issue project implementation letters;
 - (2) Authority to review and approve documents and other evidence submitted by borrowers or grantees in satisfaction of conditions precedent to financing under such loan or grant agreements;
 - (3) Authority to negotiate, execute and implement all agreements and other documents ancillary to such loan or grant agreements; and
 - (4) Authority to sign or approve Project Implementation Orders.
- B. Extension of Terminal Dates. Authority to extend the following terminal dates, provided that this authority shall be exercised in writing including a justification therefor and an analysis of the steps that might be taken to accelerate implementation:

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(1) The terminal date for signing a project agreement for a cumulative period not to exceed six months; and

(2) The terminal date for meeting initial conditions precedent for a cumulative period not to exceed six months.

C. Host Country Assurances. The authority to receive and determine the adequacy of assurances with respect to projects as required under Section 110 of the Act, but not to waive the requirements of Section 110.

Section 6. Miscellaneous.

A. Instructions. The functions herein delegated shall be exercised in accordance with such written instructions as may be issued from time to time by the Assistant Administrator.

B. Technical Review. Prior to the exercise of the authority delegated herein, appropriate technical review, including legal, shall be undertaken.

C. Documentation. A copy of each document (e.g., action memorandum or project implementation letter) by which any implementation authority is exercised by an office under Section 5 of this Delegation of Authority shall be forwarded to the Director, AFR/PD.

D. Previous Delegation. Delegation of Authority 553, dated April 4, 1987 is hereby superseded in its entirety.

E. Redelegation. The authority delegated herein may not be redelegated.

F. Effective Date. This Delegation of Authority is effective immediately.


 Alexander R. Love
 Acting Assistant Administrator
 for Africa

Date June 15, 1987

ASSISTANT
ADMINISTRATOR

March 28, 1988

HEADQUARTERS MANAGEMENT NOTICE NO. 88-21

TO: AFR Bureau Staff and Missions

FROM: AA/AFR, Charles L. Gladson

SUBJECT: Africa Bureau Procedures for Review and Approval of Projects

REF: Headquarters Management Notice No. 84-32 dated January 25, 1984

I. General

A. This instruction cancels and supersedes Notice Number 84-32 and sets forth current procedures for project review and approval.

B. These procedures apply to all projects and non-project assistance (NPA), including Operational Program Grants (OPGs). Unsolicited proposals will continue to be reviewed according to procedures laid out in Management Notice 87-141, dated 9 November 1987. The procedures described below are designed to ensure that all documentation receives prompt and thorough consideration in AID/W, that all issues are raised and resolved in an orderly manner and without delay, and that the Missions are promptly and fully informed of the status of their documents.

Full discussions of Agency regulations on Project Assistance and Non-Project Assistance (covering PIDs, PPs, PAIPs and PAADs) are contained in Handbook 3 and 4. Procedures under this notice shall apply only to the Africa Bureau. (NOTE: Use of the term PID herein shall also include PAIP; and the use of PP herein shall also include PAAD.)

II. Redelegation of Project Approval Authority

When the ABS is reviewed, the AA/AFR determines which PIDs (and subsequent) PPs will be approved in the field and which in AID/W. The Africa Bureau will follow Agency policy in making

this determination. We expect to delegate PID (and PP) approval authority for all projects with LOP under \$2.5 million unless the project is controversial or involves substantive policy issues. We will also delegate PID and PP approval authority for many other projects up to an LOP of \$20 million. Approval authority will be redelegated for those projects which meet the following criteria: projects which are consistent with mission strategies; are non-controversial; do not involve substantive policy issues; and for which the mission has access to sufficient technical expertise to analyze project feasibility. PPC will concur with these redelegation decisions to ensure that the proposed project in the ABS is consistent with AID policy. When delegated PID (and PP approval) authority, Schedule B missions must always obtain REDSO Director concurrence before using their authorities.

When PIDs are reviewed in AID/W, the bureau will also consider whether PP approval authority should be delegated to the field. This delegation will be made according to procedures in Delegation of Authority 551(R).

Missions will forward all PIDs and PPs approved in the field to AFR/PD within two weeks of their approval. Upon receipt, the country-specific AFR/PD Project Development Officer will forward copies of the document to other members of the Project Committee for their information. The Committee will be expected to read all such documents to check for consistency with A.I.D. policy and any Bureau guidance which might have been sent previously. If documents are not consistent, the AFR/PD Project Development Officer will bring the matter to the attention of the Project Committee to decide if further action needs to be taken. If action needs to be taken, the Committee will advise the Director of AFR/PD with their recommendations.

III. Establishment of Project Committees

The first step in the review and approval process for every project document is the establishment of a Project Committee. This Committee has primary responsibility for managing the review process from receipt of the PID through approval of the PP.* It will review, analyze and present the project document at the Issues and ECPR Meetings.

Committee members should include:

1. Project Officer, AFR/PD (Chairperson)
2. Geographic Desk Officer
3. AFR/TR - from appropriate technical sector(s)/division(s)
4. AFR/DP
5. GC/AFR
6. Other AID/W staff, as appropriate, from PPC, PRE, S&T, M/FM, M/SER/CM and M/SER/COM.

The Committee members should be identified in the Bureau Notice of Meetings, which is prepared by the AFR/PD geographic division and is used to distribute all PIDs and PPs. In addition, at the discretion of the Committee Chairperson, the Project Committee may meet either formally or informally before the Issues Meeting to consider especially complex or difficult issues.

* With the exception of Africa Regional Projects managed by AFR/TR (see Dec. 23, 1988 memo), the Project Committee also has responsibility for project monitoring and implementation, as discussed in a separate Headquarters Management Notice.

IV. The Project Issues Meeting

A. Purpose. All PIDs, PID-like documents, OPG proposals, PPs and substantive PP amendments submitted for AID/W authorization shall be initially reviewed at a Project Issues Meeting. The purposes of the Project Issues Meeting are (1) to determine whether a PID or PP conforms to Agency requirements, including legislative, Handbook, policy and strategy considerations; and (2) to identify key issues to be resolved by the ECPR. Based on the findings of the Issues Meeting, the Project Committee shall make a recommendation to the ECPR to:

1. approve, with appropriate guidance;
2. return inadequate documents to the originating office/Mission;*
3. disapprove; or
4. in the case of PIDs, approve project design while reserving authorization of the PP for AID/W.

B. Review Criteria. Parameters for the review of PIDs are contained in Handbook 3, Chapter 2.E.7 and for PPs in Chapter 3.E.5. Handbook 4, Chapter 2 covers PAIPs and PAADs. The Chairperson of the Issues Meeting is responsible for following the general guidance therein and for insuring that any issues resulting from the issues meeting are appropriate for consideration by the ECPR. Attached for future reference in PID review meetings is a PID Checklist which outlines the key questions to be considered in PID ECPR's (Attachment B). The guidance clarifies the level of detail required in project documents, particularly PIDs. Inappropriate questions sometimes raised at Issues Meetings and ECPRs would be avoided by better familiarity with the guidance.

* An Issues Meeting recommendation to return a poorly prepared or inadequate project document must be concurred in by the geographic office director and AFR/PD office director. In that instance, an ECPR will not be held and a cable explaining the deficiencies will accompany the returned document.

C. AID/W Participation. The Issues Meeting shall be chaired by the appropriate AFR/PD Division Chief, or by the country-specific PDO backstop if so designated. The Division Chief is, however, responsible for the quality of the meeting. Other participants in the meeting are the members of the Project Committee (as identified in Section III). Regarding attendance by other AID/W offices/Bureaus, the Chairperson of the Project Committee will determine whether their attendance is important at this stage of the review. If so, they will be invited to attend or to provide written comments before the meeting. A special effort should be made to encourage the widest possible participation, especially of technical expertise from the central bureaus.

D. Field Participation. Mission should plan to send representatives to present and defend their project documents. Increased Mission representation at both the Issues and ECPR meetings will greatly improve the exchange of views at these meetings as well as speed up the review process.

E. Issues Paper. The AFR/PD Project Development Officer shall prepare an issues paper for the ECPR prior to the ECPR. The issues paper should represent the principal points raised at the Issues Meeting, although it need not be cleared by members of the Project Committee. In all cases, however, the issues paper must be cleared by the appropriate AFR/PD division chief. It should be completed and distributed to the chairperson of the ECPR, the Africa Bureau's DAA's, the AFR/PD Director and Deputy Director, the Geographic Office Director, the AFR/TR Director, the AFR/DP Director, and members of the Project Committee before close-of-business the day before the ECPR. Copies shall be made available at the ECPR for other attendees.

The Issues Paper should normally be organized in three sections: (1) background description of the project; (2) issues to be resolved at the ECPR; and (3) summary of issues and technical considerations resolved at the Issues Meeting. The Project Committee should normally include recommendations (or recommended options) for each identified issue.

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V. The Executive Committee for Project Review (ECPR)

A. The ECPR is the senior executive body of the Africa Bureau whose role is to review and approve, disapprove or provide guidance on all PIDs and PID-like documents, and all PPs and substantive PP amendments to be authorized by AID/W. The ECPR may also consider other matters of concern to the Bureau.

The formal ECPR consists of the AA/AFR, the DAAs/AFR and the Directors or Deputy Directors of AFR/PD, AFR/DP, AFR/TR, the relevant Geographic Offices and GC/AFR. Because the purpose of an ECPR is to bring senior perspectives to important project decisions which have been brought into AID/W for review, it is normally expected that Office Directors or their Deputies will participate in ECPR's. On an exceptional basis, they may designate a Division Chief to represent the office. Although the AA/AFR may elect to chair any ECPR meeting, the ECPR is usually chaired by a DAA/AFR or the the Director of AFR/PD. Attendees may also include representatives from outside the Africa Bureau, as appropriate. All attendees shall be prepared to present their comments in writing or orally, either at or before the ECPR.

B. Decisions of the ECPR shall be recorded by AFR/PD and be cabled to the field and authorized by the person who chaired the meeting. One paragraph decision cables (indicating approval or disapproval) shall be sent to the field within one working day after the ECPR. Oral clearances will be obtained from the office representatives present at the meeting, with the cable being authorized by the chairperson of the ECPR. Follow-up guidance cables shall be sent to the field within two weeks after the ECPR. Required clearances on guidance cables will be limited to AFR/PD, AFR/DP, the Geographic Desk and PPC (if they attended the ECPR); other clearances, usually including AFR/TR and GC/AFR, will be obtained as appropriate. The clearance should be limited to a single clearance per office, presumably the senior ECPR attendee. Representatives from offices with multiple attendees will be expected to ensure their own internal communication. ECPR guidance cables shall be authorized by the senior DAA/AFR. This will ensure, if the meeting was not chaired by the DAA/AFR, that decisions made and guidance issued are endorsed by bureau leadership.

VI. Review and Approval Procedures - The Process

A. AFR/PD shall serve as the Secretariat to the ECPR and shall be responsible for scheduling ECPRs, providing all documentation relevant to the ECPR deliberations and recording decisions made by the ECPR. The appropriate geographic division within AFR/PD is responsible for scheduling the Issues and ECPR Meetings.

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B. An ECPR may be scheduled at any time. Notice of the meeting shall be by memorandum (Attachment A) which will also be used to distribute the document. The notice should be distributed at least five working days prior to the issues meeting. The ECPR will normally follow the Issues Meeting in three to five working days.

C. An outline of the steps in the review and approval process follows:

<u>Action</u>	<u>Working Days</u>
Receipt of document and send to printing	Day X
Return from printing, document distribution along with Notice of Issues and ECPR Meetings	by X + 6
Issues Meeting	X + 11
ECPR	X + 16
Decision cable	X + 17
Guidance cable	X + 26
	TOTAL 26 days

D. A project tracking network is maintained by AFR/PD to identify areas where significant delays are encountered.

Attachments: as stated

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NOTICE OF MEETING

TO: See Distribution
 FROM: AFR/PD, Carol Peasley
 MEETING: PID or PP Issues and ECPR Meetings

	<u>ISSUES</u>		<u>ECPR</u>
DATE:		DATE:	
TIME:		TIME:	
PLACE:		PLACE:	

AGENDA

Chairperson (Issues):
 Chairperson (ECPR):

Attachments:

Distribution:

AA/AFR:CLGladson * 6936 NS
 DAA/AFR:WBollinger 6936 NS
 DAA/AFR:ELSaiers 6944 NS
 AAA/AFR/DP:JWestley (3) 3913 NS
 AFR/PD:CPeasley (2) 2637 NS
 AFR/PD:AHarding 2637 NS
 AFR/PD/PS:GCampbell 2645 NS
 GC/AFR:GBisson (1) 6889 NS
 AFR/CONT:RKing (1) 2744 NS
 AAA/AFR/PRE:HIMunson 4527 NS
 Geographic Desk (2)
 AFR/TR:KSherper (1) 2497 NS
 AFR/TR/PRO:ADLundberg (1) 2485 NS
 AFR/TR/PRO:BBoyd (1) 2941 NS
 AFR/TR/ARD:KPrussner (1) 2647 NS
 AFR/TR/HPN:GMerritt (1) 2647 NS
 AFR/TR/EHR:NRifkin (1) 2647 NS

PPC/PB:RMaushammer (2) 3841 NS
 PPC/PDPR/SP:RSheppard (5) 3894 NS
 PPC/CDIE/DI:Acquisitions (1) 209 SA-18
 OSDBU/MRC:LDrummond 648 SA-14
 S&T/PO:GGower (4) 308C SA-18
 SER/AAM/OS:MDarvin (2)733 SA-14
 BIFAD/S:Joweis 5314A NS

STATE:

Project Committee Members:
 AFR/PD/SAP:
 AFR/DP:
 GC/AFR:
 AAA/AFR/PRE:Hmunson

AFR/SA:
 AFR/TR/:
 AFR/TR/:

* Receives distribution on all PIDS and PAIPs.

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PROPOSED PID CHECKLIST

1. Strategy Fit

- * Where does the proposal fit on the host country's list of development priorities?
- * Does it fit Agency policies? Bureau policies? Bureau sector priorities? Mission strategy (CDSS/SPS)?
- * Given Agency/Bureau predisposition to use and support the host country's private sector where possible, how will this proposal do so? If not, why not?
- * Is the proposal consistent with the Mission's on-going dialogue on policy reform?
- * Does the proposal support the concept of focusing on a few key development problems? If a new problem, is it justified?

2. Problem Definition

- * Is the problem sufficiently defined so that the linkage between the problem and the proposed response is clear?
- * Is the scope of the proposed response appropriate given the extent/nature of the problem?

3. Proposed AID Response

- * Does the proposal provide a clear rationale for the AID activity? Does it hang together conceptually?
- * Is the proposal do-able, given the various constraints within AID and the host country? Is it appropriate and practical in light of country performance to date and of worldwide experience?
- * What will we get for our input and what are the nature of the benefits -- who benefits and how much? Who would be disadvantaged?

* Is there evidence that other alternatives have been examined? Is it clear why we selected the one we did?

4. Lessons Learned

* What is the experience of other donors with implementing similar type projects?

Have AID's lessons learned (in-country and elsewhere) been incorporated into the proposal?

5. Implementation -- Host Country

* Have discussions been held with the host government on the nature of the project and what role the public or private sector will play? With whom have such discussions been held?

Is there a reasonable likelihood that the host country institution(s) can support the project as designed, given human resource (managerial and technical) constraints and budgetary (recurrent cost) constraints? What evidence exists of HC and beneficiary support for the proposed activity? Is it sufficient?

What has been the record of the HC in implementing other AID activities on a timely and effective basis?

6. Implementation -- AID

* Is there reasonable certainty that the AID Mission can properly implement and monitor the proposal given current and projected staff/skill levels? given physical access/transportation considerations? given political constraints?

* What has been the Mission's record on implementing the rest of its portfolio?

* Who will have principal monitoring responsibility within the AID Mission? What are his/her other responsibilities?

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7. Other Donor Support

* What resources beyond those of AID and the HC will be necessary to make the project work as designed? Are those likely to be an issue during the PP design phase? Can the project succeed without these other resources?

* Are other donor activities likely to have an adverse impact on implementation of this activity?

8. Project Paper Preparations

* Have the appropriate analytical 'next steps' been identified? If so, will the right analysts/designers be available to meet PP target date? Are process questions such as location of PP authorization, need for 110-a waiver, and 611-e certification dealt with?

9. Other Considerations

* Gray Amendment -- has the question of appropriateness of Gray Amendment entities in design/implementation been adequately dealt with? Has the Mission's record on use been acceptable?

AFR/PD: 3/21/88: 2647H

66

ATTACHMENT C

UNITED STATES INTERNATIONAL DEVELOPMENT CORPORATION
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20548

NOTICE OF MEETING

TO: See Distribution May 24, 1988

FROM: AFR/PD, Carol Peasley *for*

SUBJECT: Uganda - African Economic Policy Reform Program to Support Increasing Nontraditional Exports

ISSUES

ECPR

DATE: June 1, 1988
TIME: 2:00 p.m.
PLACE: Rm. 5951 N.S.

DATE: June 8, 1988
TIME: 3:30 p.m.
PLACE: Rm. 5951 N.S.

Chairperson: E.L. Saiers - ECPR

Distribution:

AA/AFR:CLGladson* 6936 NS
DAA/AFR:WBollinger 6936 NS
DAA/AFR:ELSaiers 6944 NS
AAA/AFR/DP:JWestley (3) 3913 NS
AFR/PD:CPeasley (2) 2637 NS
AFR/PD:AHarding 2637 NS
AFR/PD/IPS:GCampbell 2645
GC/AFR:GBisson (1) 6889 NS
AFR/MDI:WWeinstein 4527
Geographic Desk (2)
AFR/TR:KSherper (1) 2497 NS
AFR/TR/PRO:BBoyd (1) 2491 NS
AFR/TR/ARD:KPrussner (1) 2491 NS
AFR/TR/HPN:GMerritt (1) 2480 NS
AFR/TR/EHR:NRifkin (1) 4533 NS

PPC/PB:RMaushammer (2) 3841 NS
PPC/PD/PR/SP:RSheppard (5) 3894 NS
PPC/CDIE/DI:Acquisitions (1) 209 SA-18
OSDBU/MRC:LDrummond 1400A SA-14
S&T/PO:GGower (4) 308C SA-18
SER/AAM/OS:MDarvin (2) 1509 SA-14
BIFAD/S:JOweis 5314A
AFR/CONT:RKing (1) 2744 NS

Project Committee Members:

AFR/PD/EAP:JSchlesinger
AFR/EA:JRose
AFR/EA:DLundberg
AFR/DP:JWolgin
AFR/DP:SGrossman
AFR/DP:GCauvin
AFR/MDI:WWeinstein
AFR/TR/ARD/PA:ELucas
GC/AFR:MAKleinjan

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ATTACHMENT D

ECPR

PID ISSUES PAPER

COUNTRY: Cameroon

PROGRAM NAME: Agricultural Policy and Planning
(631-0059)

LOP FUNDING: \$8,000,000

AUTHORIZATION VENUE: A.I.D./W

CN EXPIRATION DATE: CN to be done prior to obligation
(project included in FY88 CP)

1. Description:

This project will provide support to the Government of Cameroon's (GRC) agricultural economic policy reform efforts by strengthening the capacity of the GRC in the area of economic policy development and planning. Technical assistance and training will be provided to key planning units in the Ministries of Plan, Agriculture, and Livestock. The project aims to improve the collection, processing, and analysis of agricultural data, to conduct economic and policy analyses; and to improve investment and development plans for the agricultural sector. This project will attempt to address a basic GRC weakness in its ability to carry out economic analyses useful for agricultural policy development. The proposed project builds upon achievements made in the Agriculture Management and Planning Project (AMP)(631--0008) and incorporates project elements recommended by the team which recently evaluated the AMP Project. The proposed project is planned as a five-year \$8.0 million effort. Core elements of the project include long and short term technical assistance, training, and commodities (vehicles, computers, and computer related equipment).

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Issue #1 Project Purpose: Is the project purpose clear?

Discussion: The Project Committee questioned whether more precision was needed in explaining the overall project purpose. It appears that the project is being planned as an institution building activity. However, the PID strongly emphasizes outputs which focus on data collection and special studies and analyses. The PC felt that if the technical assistance team were heavily involved in these elements of the project and, as indicated in the PID (Page 7), that they are responsible for conducting some of the special studies, there is a risk that the institution-building focus of the project will be lost or significantly slowed down. More explicitly, concern was noted that the current design could lead to only a series of studies and selected institutional reinforcements which may not necessarily lead to useful policy reform and other purpose level outputs.

Following the Issues meeting the Mission was contacted by phone to discuss this issue. The Mission confirmed the institution building focus of this project but also reiterated the importance of maintaining strong support to data collection, data processing and statistical analysis activities. The current AMP project has made significant progress in data collection and the Mission felt that the current project might not need as heavy an emphasis on long term technical assistance for this component - perhaps specialists could be assigned for one tour (two years) and then future assistance could be provided on a short term basis.

Recommendation: The Mission should be requested, as part of the PP design, to clarify the project purpose, the role of the technical advisors, and the mechanism through which data collection and analysis will lead to policy adjustments.

Issue #2 Funding: Will this be an FY 88 or FY 89 obligation?

Discussion: The Mission originally proposed this project as an FY88 start. During the FY 89 ABS review. It was noted that the current AMP project was to be extended until December 1988 and indicated that the new project should be planned for an FY 89 start. The Mission continues to propose an FY 88 start in the PID. If it were not possible to start in FY 88 and this project starts in FY 89, the PC questioned what was the Mission's plan for the phase over from the current AMP project to avoid a large gap in assistance. The recently approved AEPRP project may also influence Mission thinking in this regard.

Recommendation: The PP guidance cable should request that the Mission examine this in the context of the Mission OYB and indicate how this project can be accommodated in FY 88 in view of other Mission project priorities. AFR/CCWA and AFR/DP were requested to examine alternative funding scenarios for the ECPR discussion.

Issue #3 - Management: Have the management problems cited in the evaluation of the AMP project been resolved in the design of the current project?

Discussion: The AMP project evaluation team noted that notwithstanding the excellent progress made in the area of data collection, processing and reporting, management problems hampered progress in achieving other economic objectives. It appears that there were conflicting priorities between USAID, the GRC and the technical assistance team. The PC was concerned that the PID did not clearly indicate how the new project would resolve these management issues and that the "lessons-learned" from the previous project were not sufficiently documented in the description of the proposed project.

Recommendation: The PP design should address this issue and indicate how the new project plans to avoid the management problems experienced in the current project particularly the delineation of the respective roles of the GRC, the TA team and USAID.

Issue #4 TA/Training Mix: Are the levels and types of technical assistance and training being proposed adequate?

Discussion: The proposed project allocates approximately \$4.9 million to TA and \$1.3 million for training (excluding commodities and other costs). The PC questioned whether, given the nine year history of support to the AMP project, a greater proportion of the funds should be going into training rather than TA. Similarly the allocation of long term TA among the various ministries seems to continue to emphasize the statistics unit in the Ministry of Agriculture. The PC felt that this appears inconsistent with the overall purpose of enhancing the economic/policy analysis capability of the GRC. The PID indicates that the Ministry of Plan plays a major GRC policy analysis development role. Yet the level of TA being proposed in the PID is significantly less than is being provided to the Ministry of Agriculture.

Recommendation: The level and types of technical assistance for the new project should be reconsidered by the design team to determine whether there should be more emphasis on long and

short term training than is currently being considered and whether more long term technical assistance should be provided to the GRC entity having the greater policy analysis/development responsibility i.e., Ministry of Plan.

Issue #5 Contracting Mechanism: Can Title XII entities do the job or should this planned procurement be opened up to a broader range of institutions.

Discussion: The PC questioned whether the collaborative assistance mechanism was the most appropriate for the types of assistance being proposed. Some doubt was expressed regarding the ability of Title XII institutions to provide the high level of policy analysis/guidance which this project hopes to provide. The PC was uncertain of whether Title XII institutions have enough of a proven track record in this area to justify a unique capability cited in the PID. The PC indicated that perhaps a Title XII/Private Sector mix would be more appropriate and questioned whether this would be possible under the collaborative assistance mode.

Recommendation: The PP guidance cable should request Mission comments on this issue and an indication why the Mission feels that collaborative assistance is the contracting mechanism of choice for this project. If the collaborative assistance mechanism is utilized, the PP design should allow for maximum flexibility in obtaining the technical expertise required for project implementation.

Issue #6 Assistance to Three Ministries: Is the plan to work with three ministries over-ambitious?

Discussion: The PC noted that the current project with the Ministry of Agriculture has been in operation for nine years and while there has been satisfactory progress with this project in several areas, it has not accomplished all that had been intended. The planned project basically continues elements of the current project and expands the focus to include two additional ministries (Plan and Livestock.) The PC questioned whether this expansion might adversely affect what has already been accomplished in the area of agricultural statistics with the Ministry of Agriculture and whether this might result in a decrease in the quality of agricultural data available. The PC emphasized the importance to agricultural policy analysis/development of having high quality agricultural data.

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A related concern regarding working with three ministries is that of project coordination. There is a history in Cameroon of a lack of coordination between the Ministry of Agriculture and the Ministry of Livestock. The PID does not address clearly how coordination problems would be resolved in the new project.

Recommendation: The project design team should reconsider whether working with three ministries is feasible and provide a detailed justification of this approach in the PP, including a detailed plan for management of interministerial coordination during project implementation.

Issue #7 Other Donor and Mission Projects: What is the linkage of the proposed project with other donor and other Mission projects?

Discussion: The PC was concerned that the information in the PID was severely lacking regarding major current donor activities in areas being addressed by the project - notably, the World Bank, FAO, France and Germany- as well as the relationship of the project to other projects in the Mission portfolio.

This issue was discussed with the Mission by telephone and the response was that FAO, France and Germany have provided limited assistance to the Ministry of Agriculture in this area. France and Germany each provide one agricultural economist and the FAO provides some library support. The Mission also indicated that World Bank assistance has been limited to that which is provided by various assessment teams that periodically visit Cameroon. This project has linkages to other Mission projects. For example, some of the studies to be conducted under the AEPRP will be contracted to the Ministry of Agriculture planning unit which is included in this project.

Recommendation: The PP guidance cable should specify that the PP design team focus on this issue and provide in-depth information regarding what other donors are doing and present a detailed proposal for coordination among donors in project implementation. The PP should similarly carefully delineate the relationship of this project to other Mission projects, particularly the AEPRP.

3. Concerns and Issues Resolved at the Issues Meeting.

GRC Commitment - The PC noted some of the management difficulties cited in the evaluation report of the AMP project and questioned whether they were an indication of a lack of GRC commitment to improved economic analysis and the deliberate use of such analysis in the policy development process. It was

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suggested that the PP guidance cable request the Mission to focus on this question in the PP design.

Waivers - The PC noted that waivers most likely will be required for the vehicles and other commodities to be procured. This will be flagged in the PP guidance cable.

UNCLASSIFIED
Department of State

ATTACHMENT E
OUTGOING
TELEGRAM

PAGE 01 .STATE 339858
ORIGIN AID-00

6579 057763 AID3021

ORIGIN OFFICE AFPD-03
INFO AAAF-03 AFCW-03 AMAD-01 STAG-02 STPO-01 SAST-01 RELO-01
/016 AB

INFO LOG-00 AF-00 EB-00 /000 R

DRAFTED BY: AID/AFR/PD/CCWAP: AVGETSON AVG: 3672K

APPROVED BY: AID/AFR/AA: CGLADSON

AID/AFR/DAA: ESAIERS

AID/AFR/CCWA: AFESSENDEN (DRAFT)

AID/AFR/PD: CPEASLEY

AID/AFR/PD/CCWAP JHRADSKY (DRAFT)

-----143044 310134Z /38

P R 310129Z OCT 87
FM SECSTATE WASHDC
TO AMEMBASSY YAOUNDE PRIORITY
INFO AMEMBASSY-ABIDJAN

UNCLAS STATE 339858

AIDAC ABIDJAN FOR REDSO/WCA

E. O. 12356: N/A

SUBJECT: PID APPROVAL AGRICULTURE POLICY AND PLANNING
PROJECT (6310059)

ECPR FOR SUBJECT PROJECT MET ON 23 OCTOBER 1987. PID
WAS APPROVED AT THE DOLS 8.0 MILLION LEVEL. DETAILED PP
GUIDANCE WILL BE PROVIDED SEPTEL. WHITEHEAD

UNCLASSIFIED

74.

Department of State

ATTACHMENT F

PAGE 01 OF 02 STATE 346265
ORIGIN AID-09

4112 060071 A107622

STATE 346265

4112 060071

ORIGIN OFFICE AFPD-34

INFO AAAF-03 AFCD-02 AFWC-03 AFDP-06 SEOP-01 FPA-02 AFED-02
SERP-01 AFTR-05 SEPS-03 SECS-02 AMAD-01 PDR-01 PPPB-02
GC-01 GCAF-01 FM-02 PSC-02 STAG-02 STPO-01 PPR-01 STFM-02
STUR-01 SAST-01 ES-01 RELO-01 PRE-06 /060 AB

INFO LOG-00 AF-00 EB-00 /000 R

DRAFTED BY: AID/AFR/PD/CCWAP: AVGETSON: AVG: 3677K
APPROVED BY: AID/AFR/AA: GGLADSON
AID/AFR/DAA: ELSAERS AID/AFR/PD: CPEASLEY
AID/AFR/PD/CCWAP: JHRADSKY (OFT) AID/AFR/CCWA: JCOLES (DRAFT)
AID/AFR/DP: DWILSON (DRAFT) AID/AFR/TR: RBACKUS (DRAFT)
AID/PPC/PDPP: DMCCLELLAND (DRAFT) AID/GC/AFR: DLUTEN (DRAFT)
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FM SECSTATE WASHDC
TO AMEMBASSY YAOUNDE PRIORITY
INFO AMEMBASSY ABIDJAN

AIDAC ABIDJAN FOR REDSO/WCA

E.O. 12386: N/A

SUBJECT: ECPR GUIDANCE CAMEROON AGRICULTURAL POLICY AND
PLANNING PROJECT (631-0056)

1. THE ECPR MET ON 23 OCTOBER 1987 AND APPROVED THE PID FOR SUBJECT PROJECT AT A LEVEL OF DOLS 8.0 MILLION. OFFICES REPRESENTED AT THE ECPR INCLUDE AFR/DP/PAB, AFR/DP/PAR, AFR/TR/ARD, AFR/TR/PRO, AFR/PD, AFR/PD/CCWAP, GC/AFR, AFR/CCWA, BIFAD AND USAID (J. JOHNSON). THE FOLLOWING GUIDANCE IS PROVIDED FOR MISSION ACTION DURING THE PP DESIGN.

2. FUNDING- THE MISSION WAS PROPOSED THIS PROJECT FOR FY88 OBLIGATION. IN VIEW OF PROJECTED OYB REDUCTIONS IN FY88 AND F'89, AID/W REQUESTS MISSION TO CONDUCT A MORTGAGE/PIPELINE ANALYSIS OF PROJECT PORTFOLIO TO SHOW HOW THIS PROJECT CAN BE ACCOMMODATED. THIS ANALYSIS SHOULD BE COMPLETED AND SUBMITTED TO AID/W FOR REVIEW PRIOR TO PROCEEDING WITH PROJECT DESIGN. IN ADDITION, IT APPEARS UNLIKELY THAT SUFFICIENT FUNDS WILL BE AVAILABLE IN FY 88 AND MISSION SHOULD, THEREFORE, REVIEW THE IMPLICATIONS OF AN FY89 START (ASSUMING MORTGAGE ANALYSIS SUPPORTS THIS) AND THE POTENTIAL REPERCUSSIONS FOR THE CURRENT AG MANAGEMENT AND PLANNING PROJECT. THE

MISSION MAY NEED TO CONSIDER EXTENDING THE CURRENT PROJECT BEYOND THE PLANNED PACD (12/31/88) TO ALLOW SUFFICIENT TIME FOR THE NEW PROJECT TO COME ON STREAM, AN ACTION WHICH COULD HAVE OBVIOUS BUDGET IMPLICATIONS AS WELL. AID/W WOULD APPRECIATE MISSION RESPONSE TO ABOVE AS SOON AS POSSIBLE.

3. PROJECT PURPOSE - THE MISSION IS REQUESTED TO EXAMINE THE PRIMARY OBJECTIVES OF PROJECT AND ANALYZE HOW THEY RELATE TO PROJECT DESIGN. THE PID LOGFRAME DESCRIBES A FAIRLY NEUTRAL INSTITUTION-BUILDING PURPOSE EXEMPLIFIED BY VAGUELY STATED EOPS (STRENGTHENED STAFF, QUALITY REPORTS, INTERMINISTERIAL COOPERATION). YET THE LOGFRAME GOAL STATEMENT EXPLICITLY SUPPORTS IMPORTANT PRODUCTION-ORIENTED AND LIBERAL ECONOMIC REFORMS (MARKET DETERMINED PRICES, REDUCED STATE ENTERPRICE, REDUCED SUBSIDIES). IT IS REQUESTED THAT THE MISSION STATE MORE

EXPLICITLY THE MANNER IN WHICH THIS ACTIVITY IS EXPECTED TO HAVE OUTPUTS CONTRIBUTE TO PURPOSE, AND EXPLICIT LINKAGES FROM PURPOSE TO GOAL-LEVEL OBJECTIVES. ASIDE FROM LENDING CONCEPTUAL CLARITY TO THE PROJECT, SUCH A REEXAMINATION WILL BE NEEDED TO ADDRESS SEVERAL KEY ELEMENTS OF PROJECT OPERATIONS DESIGN INCLUDING: DESIGN TEAM COMPOSITION, TA/TRAINING MIX, TARGETTED INSTITUTIONS, CRITERIA FOR STUDY SELECTION, PROJECT MANAGEMENT, AND MONITORING/ EVALUATION PLANNING.

4. DESIGN TEAM - IN VIEW OF THE INSTITUTION-BUILDING OBJECTIVES OF THE PROJECT, THE PC SUGGESTS THAT THE MISSION CONSIDER ADDING AN INSTITUTIONAL ANALYST TO THE DESIGN TEAM AND THAT THE DESIGN INCLUDE A DETAILED GRC INSTITUTIONAL ANALYSIS OF PARTICIPATING MINISTRIES. PC ALSO SUGGESTS THAT IRM BE REQUESTED TO TO EXAMINE COMPUTER HARDWARE/SOFTWARE REQUIREMENTS OF THIS PROJECT.

5. TA/TRAINING MIX - THE PROPOSED PROJECT PLANS TO ALLOCATE APPROXIMATELY DOLS 4.9 MILLION TO TA AND DOLS 1.3 MILLION FOR TRAINING (EXCLUDING COMMODITIES AND OTHER COSTS). THE PC QUESTIONED, GIVEN THE NINE YEAR HISTORY OF SUPPORT TO THE AMP PROJECT, WHETHER A GREATER PROPORTION OF FUNDS SHOULD BE GOING INTO TRAINING RATHER THAN TA. SIMILARLY, THE ALLOCATION OF LONG TERM TA AMONG MINISTRIES SEEMS TO EMPHASIZE THE STATISTICS UNIT OF THE MINISTRY OF AGRICULTURE. THE PC SUGGESTS THAT THE PP DESIGN TEAM RECONSIDER THE LEVELS AND TYPES OF TECHNICAL ASSISTANCE AND TRAINING TO BE PROVIDED TO DETERMINE WHETHER THERE SHOULD BE MORE EMPHASIS ON LONG AND/OR SHORT TERM TRAINING AND WHETHER MORE LONG TERM TECHNICAL ASSISTANCE SHOULD BE PROVIDED TO THE GRC

ENITY HAVING THE GREATER POLICY ANALYSIS/DEVELOPMENT RESPONSIBILITY. THE DESIGN TEAM ALSO SHOULD CONSIDER WHETHER THE ADDITION OF A SPECIALIST IN PUBLIC ADMINISTRATION TO THE LONG TERM TA TEAM WOULD BE USEFUL IN ACHIEVING INSTITUTIONALIZATION OBJECTIVES.

6. MULTI-MINISTERIAL ASSISTANCE - THE CURRENT DESIGN CALLS FOR ASSISTANCE TO BE PROVIDED TO THREE MINISTRIES. THE PC NOTED THE LONG HISTORY OF SUPPORT TO THE MINISTRY OF AGRICULTURE AND THE FACT THAT WHILE THERE HAS BEEN SATISFACTORY PROGRESS IN SEVERAL AREAS (DATA COLLECTION, STATISTICS, ETC), THE CURRENT PROJECT HAS NOT ACCOMPLISHED ALL THAT HAD BEEN INTENDED. THE PC QUESTIONED WHETHER THE EXPANSION OF THE NEW PROJECT TO INCLUDE OTHER MINISTRIES MIGHT BE OVER-AMBITIOUS AND DIMINISH WHAT ALREADY HAS BEEN ACCOMPLISHED WITH THE MINISTRY OF AGRICULTURE. A RELATED CONCERN REGARDING WORKING WITH THREE MINISTRIES IS THAT OF PROJECT COORDINATION AMONG MINISTRIES. AS NOTED IN THE PID, THERE IS A HISTORY IN CAMEROON OF A LACK OF COORDINATION BETWEEN THE MINISTRY OF AGRICULTURE AND THE MINISTRY OF LIVESTOCK. HOWEVER, THE PID DID NOT ADDRESS CLEARLY HOW THESE COORDINATION PROBLEMS WOULD BE RESOLVED. THE DESIGN TEAM SHOULD RECONSIDER WHETHER WORKING WITH THREE MINISTRIES IS FEASIBLE AND PROVIDE A JUSTIFICATION OF THIS APPROACH INCLUDING A DETAILED PLAN FOR THE MANAGEMENT OF INTER-MINISTERIAL COORDINATION DURING PROJECT IMPLEMENTATION.

7. MANAGEMENT ISSUES - THE EVALUATION TEAM FOR THE AMP PROJECT NOTED EXCELLENT PROGRESS IN MANY AREAS. HOWEVER, THE TEAM FELT THAT THERE WERE SERIOUS MANAGEMENT WEAKNESSES IN THE PROJECT. IT APPEARS THAT THERE WERE CONFLICTING PRIORITIES BETWEEN THE MISSION, GRC AND THE TA TEAM. THE PP DESIGN TEAM SHOULD ADDRESS THIS ISSUE AND INDICATE HOW THE NEW PROJECT PLANS TO AVOID THE MANAGEMENT PROBLEMS EXPERIENCED BY THE CURRENT

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Department of State

OUTGOING
TELEGRAM

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PROJECT, PARTICULARLY THE LACK OF DELINEATION OF THE RESPECTIVE ROLES OF THE GRC, THE TA TEAM AND THE MISSION. OTHER LESSONS LEARNED FROM THE CURRENT PROJECT SHOULD BE FACTORED INTO THE DESIGN OF THE NEW ONE AND SHOULD BE HIGHLIGHTED IN THE PP.

DESIGN/APPROVAL BY THE MISSION

14. DECONTROL UPON RECEIPT SHULTZ

8. OTHER DONOR AND OTHER MISSION PROJECT LINKAGES THERE WAS INSUFFICIENT INFORMATION IN THE PID REGARDING THE RELATIONSHIP OF THIS PROJECT TO ONGOING AND PLANNED ACTIVITIES OF OTHER DONORS, NOTABLY THE WORLD BANK, FAO, FRANCE AND GERMANY. IN ADDITION THE RELATIONSHIP OF THIS PROJECT TO OTHER MISSION PROJECTS WAS NOT FULLY

EXPLAINED IN THE PID. THE DESIGN TEAM MUST FOCUS ON THIS ISSUE AND PROVIDE IN-DEPTH INFORMATION REGARDING WHAT OTHER DONORS ARE DOING AND PRESENT A DETAILED PROPOSAL FOR COORDINATION AMONG DONORS IN PROJECT IMPLEMENTATION. THE PP SHOULD SIMILARLY DELINEATE THE RELATIONSHIP OF THIS PROJECT TO OTHER MISSION PROJECTS, PARTICULARLY THE AERPP.

9. CONTRACTING MECHANISM - THE PC QUESTIONED WHETHER THE COLLABORATIVE ASSISTANCE MECHANISM WAS THE MOST APPROPRIATE FOR THE TYPES OF ASSISTANCE BEING PROPOSED AND WHETHER TITLE XII INSTITUTIONS WOULD BE ABLE TO MEET THE TECHNICAL NEEDS OF THIS PROJECT. THE PC INDICATED THAT PERHAPS A TITLE XII/USDA/PRIVATE SECTOR MIX WOULD BE MORE APPROPRIATE AND QUESTIONED WHETHER THIS WOULD BE POSSIBLE UNDER THE COLLABORATIVE ASSISTANCE MODE. AID/W WOULD APPRECIATE MISSION'S COMMENTS ON THIS ISSUE AND AN INDICATION OF WHY THE MISSION FEELS THAT COLLABORATIVE ASSISTANCE IS THE CONTRACTING METHOD OF CHOICE FOR THIS PROJECT. IF THE COLLABORATIVE ASSISTANCE MECHANISM IS USED, THE REI SHOULD ALLOW FOR MAXIMUM FLEXIBILITY IN OBTAINING THE TECHNICAL EXPERTISE (WITH APPROPRIATE FRENCH LANGUAGE CAPABILITY) REQUIRED FOR PROJECT DESIGN AND IMPLEMENTATION INCLUDING SUBCONTRACTS WITH THE PRIVATE SECTOR. IN ADDITION, THE MISSION SHOULD ASSURE THAT, IF COLLABORATIVE ASSISTANCE IS USED, STANDARD LANGUAGE ENCOURAGING THE PARTICIPATION OF GRAY AMENDMENT ENTITIES (HBCU'S) EITHER AS PRIME CONTRACTORS OR SUBCONTRACTORS IS USED IN ANY REI'S AND RELATED CDD NOTICES DEVELOPED FOR THIS PROJECT.

10. GRC COMMITMENT - AS INDICATED EARLIER, THE PC NOTED THE MANAGEMENT PROBLEMS OF THE CURRENT AMP PROJECT AND QUESTIONED WHETHER THIS REFLECTED A LACK OF GRC COMMITMENT TO IMPROVED ECONOMIC ANALYSIS AND THE DELIBERATE USE OF THIS ANALYSIS IN THE POLICY DEVELOPMENT PROCESS. IT WAS NOTED THAT THE GRC IS EXPERIENCING SEVERE BUDGET CONSTRAINTS AND THAT THIS MIGHT AFFECT THE GRC RESOURCES AVAILABLE FOR THIS PROJECT. THE PC SUGGESTS THAT THE DESIGN TEAM ADDRESS THIS CONCERN IN THE PP.

11. WAIVERS - THE PC NOTES THAT VEHICLE AND OTHER COMMODITY WAIVERS MAY BE REQUIRED AND SHOULD BE INCORPORATED INTO THE PP. WAIVERS REQUIRING AID/W ACTION SHOULD BE OBTAINED PRIOR TO PP AUTHORIZATION.

12. IEE - THE BEO AND GC CONCUR ON THE IEE INCLUDED IN THE PID.

13. AID/W DELEGATES AUTHORITY TO THE FIELD FOR PP APPROVAL AND PROJECT AUTHORIZATION. HOWEVER, SINCE THIS WILL MOST LIKELY BE AN FY 89 START, IF THERE ARE ANY MAJOR CHANGES IN THE OVERALL PURPOSE, DESIGN AND COST OF THIS PROJECT FROM WHAT IS DESCRIBED IN THE CURRENT PID AS AMENDED BY THIS GUIDANCE, SUPPLEMENTARY INFORMATION SHOULD BE SUBMITTED TO AID/W FOR REVIEW PRIOR TO PP

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ATTACHMENT G

PROJECT AUTHORIZATION ACTION MEMORANDUM

NOTE: This format should be used for any request for authorization, whether a new project or an increase in the LOP authorization for an existing project.

- 1. ACTION MEMORANDUM FOR THE ADMINISTRATOR
- OR
- 2. ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

THRU : AA/ppc (Not applicable for #2)

FROM : AA/AFR (For #2, from AFR/PD, Director)

SUBJECT : (Project Title)

I. Proposed Action: Your approval is requested for a (grant/loan) of \$ (amount) from the (FAA Section number and name) appropriation account to (Country) for (project title and project number). It is planned that \$ _____ will be obligated in FY 19 _____.

II. Discussion

A. Brief description of the project, including:

- 1. Project purpose
- 2. Conformance to AID Country Strategy
- 3. Beneficiaries of the Project
- 4. Project Outputs

B. Brief financial summary of the project, including:

- 1. Funding for first year and life of project;
- 2. Overall dollar breakdown of the funds requested, in tabular form, i.e.:

	First Year	LOP
Technical Assistance (\$U.S.)		
Commodities (\$U.S.)		

Participants (\$U.S.)

Other (\$U.S.)

Total

Local Cost Financing
(\$U.S. Equivalent)

Grand Total (\$U.S.)

3. Host country (FAA Sec. 110(a)) and other donor contributions.

C. Committee Action and Findings: Describe ECPR action and findings:

1. Confirmation of socio-economic acceptability and technical soundness of the project (one sentence);
2. Additions or changes made to project by ECPR, including CPs or covenants added as a result of review;
3. Human rights determination, if any. (State/HA clearance needed for some countries);
4. Environmental determination;
5. Payment verification;
6. A statement to the effect that the Implementation Plan contained in the PP has been carefully reviewed by the Project Committee which concludes that the Plan is realistic and establishes a reasonable time frame for carrying out the project;
7. Include a statement in the Project Authorization Action memorandum indicating whether the requirements of Section 611(a) of the FAA have been satisfactorily met; and

8. In those projects where Section 611(b) must be considered, indicate what analysis was made to satisfy the requirements of that section.

D. Special concerns:

1. Reasons for major conditions and covenants (if appropriate). [N.D. Do not restate -- refer reader to attached authorization].
2. Identification of the major implementing agencies involved and implementation mode: contract/grant/cooperative agreement. If contract, host country or AID direct.
3. Training: Who and how participant training will be handled.
4. Local Cost Financing: How is the requirement of Handbook 1B, Chapter 18 satisfied?
5. The Gray Amendment: discuss how its requirements are being satisfied.
6. Indicate name of officer responsible for project in field post and officer responsible for project in AFR/PD.

III. Waivers: (Attach for signature, if applicable, or embody in authorization).

IV. Justification to the Congress: Include page reference of Congressional Presentation, or date of other congressional Notification. For Sahel, include information on 121(d) determination.

V. Recommendation: That you sign the attached Project Authorization and thereby approve (here insert, as appropriate: life-of-project funding of \$_____; an increase in the authorization amount of the loan/grant funding from \$_____ to \$_____; an extension of the PACD of the loan/grant from _____ to _____; the requested waivers; etc.).

VI. Attachments:

1. Project Authorization (or Amendment to Project Authorization)
2. Project Paper
3. Waivers for which approval is requested

Clearances: (Projects to be authorized by the Administrator)

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General Counsel: _____ Date _____
 AFR/TR Office Director: _____ Date _____
 Geographic Office Director: _____ Date _____
 AFR/DP: _____ Date _____
 M/FM/PAFD: _____ Date _____ (for all ESF)
 M/AAA/SER: _____ Date _____ (if procurement
 waivers required)
 DAA/AFR: _____ Date _____
 AFR/PD Office Director: _____ Date _____

Clearances: (Projects to be authorized by the AA/AFR)

AFR/TR: _____ Date _____
 AFR/DP: _____ Date _____
 GC/AFR: _____ Date _____
 Geographic Office: _____ Date _____
 AFR/PD: AHarding _____ Date _____
 DAA/AFR: _____ Date _____
 PPC: _____ Date _____ (if PPC
 representative
 attends Issues/ECPR
 mtg)

 SER/AAM/OS: _____ Date _____ (if project includes
 direct AID
 contracting and
 procurement waivers)

 M/FM/PAFD: _____ Date _____ (for LSF)

Food Aid
For
Project Development Officers

TITLE I-- This is basically a long-term concessional loan from the U.S. Government to allow friendly countries to purchase U.S. commodities. It serves two immediate goals -- balance of payment support and increase in food supply through normal market channels. Important elements -- 1) Agreements are annual; 2) Host countries are usually responsible for ocean transport; 3) Local currency programming is flexible; currencies may be used for specific projects or general budget attribution.

TITLE III-- Ten percent of the Title I budget is earmarked for Title III. It differs from Title I in that it is expressly intended to promote development, particularly in the agricultural sector. Key components-- 1) Policy reform is usually required; 2) Agreements are multi-year; 3) RLDC's may obtain a waiver, relieving them of the responsibility of ocean transport; 4) Local currencies are generally programmed for specific development projects; 5) If Title III currencies or commodities are used for development, repayment of the concessional Title I-type loan is forgiven.

TITLE II, SECTION 206-- The expressed objective is economic development, particularly in the agriculture, rural development and health sectors. Section 206 is funded from the unallocated reserve of the Title II budget and as a result, programs must compete for funding with emergency food requirements. Important elements-- 1) Food is provided on a grant basis; 2) Ocean transport is provided by the U.S. Government; 3) Local currencies are programmed for specific activities; 4) Programming is multi-year.

FOOD FOR PROGRESS-- The expressed objective is support of policy reform in four basic areas: prices; marketing; input supply and distribution; and private sector involvement. Basic elements-- 1) Resources may come from either Title I or Section 416 (an off-budget source of surplus commodities); 2) Local currencies are not to be programmed; 3) Ocean Transport may be provided; 4) It may be programmed on a multi-year basis.

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04 April 1987

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AID/FVA/PPH:D.RHOAD:AM:2719E
01/08/87 235-1940
AID/A-AA/FVA:W.BOLLINGER

AID/FVA/PPH:L.STAMBERG
AID/AFR/DP:C.COWEY {DRAFT}
AID/LAC/DP:R.QUEENER {DRAFT}
AID/FVA/FFP:W.PEARSON {DRAFT}

AID/FVA/FFP:T.REESE {DRAFT}
AID/AFR/DP:B.SIDMAN {DRAFT}
USDA/FAS:M.CHAMBLISS {DRAFT}
AID/ES:G.JOE

ROUTINE

AIDWIDE

AIDAC

E.O. 12356: N/A

TAGS: N/A

SUBJECT: GUIDANCE FOR IMPLEMENTATION OF SECTION 206
GOVERNMENT-TO-GOVERNMENT DEVELOPMENT PROGRAMS

REF: STATE 396227

1. SUMMARY: IN KEEPING WITH OUR EFFORTS TO INCREASE THE USE OF FOOD AID RESOURCES TO PROMOTE ECONOMIC DEVELOPMENT, THIS CABLE PROVIDES REVISED GUIDANCE AND ESTABLISHES STREAMLINED REVIEW PROCEDURES FOR PLANNING AND IMPLEMENTING PL 480 TITLE II SECTION 206 PROGRAMS. THE PRINCIPAL FEATURE OF THESE PROGRAMS IS THEIR DEVELOPMENT ORIENTATION. SECTION 206 PROGRAMS: ARE GOVERNMENT-TO-GOVERNMENT; PROVIDE FOOD AID ON A GRANT BASIS; PERMIT MULTI-YEAR COMMITMENTS SUBJECT TO ANNUAL REVIEW OF PROGRAM PERFORMANCE AND COMMODITY AND FUNDING AVAILABILITY; INCORPORATE POLICY CONDITIONALITY; AND GENERATE LOCAL CURRENCY TO SUPPORT DEVELOPMENT ACTIVITIES CONSISTENT WITH LEGISLATIVE REQUIREMENTS, COUNTRY PRIORITIES, AND MISSION CDS OBJECTIVES. THIS MESSAGE DOES NOT DEAL WITH NON-GOVERNMENT-TO-GOVERNMENT MONETIZED TITLE II PROGRAMS. END OF SUMMARY.

2. OBJECTIVES AND AUTHORITY: THE MOST BASIC PURPOSE OF

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TITLE II SECTION 206 PROGRAMS IS TO ASSIST COUNTRIES IN ALLEVIATING THE UNDERLYING CAUSES OF THEIR FOOD PROBLEMS AND THEIR NEED FOR "EMERGENCY" FOOD ASSISTANCE. TITLE II, SECTION 206 OF PUBLIC LAW 480 ESTABLISHES THE FRAMEWORK FOR GOVERNMENT-TO-GOVERNMENT MONETIZED PROGRAMS. THE SECTION'S REQUIREMENTS DO NOT APPLY TO NON-GOVERNMENTAL PROGRAMS, NOR TO PROGRAMS WITH GOVERNMENTS FOR URGENT OR EXTRAORDINARY RELIEF. IT STATES:

QUOTE: EXCEPT TO MEET FAMINE OR OTHER URGENT OR EXTRAORDINARY RELIEF REQUIREMENTS, NO ASSISTANCE UNDER THIS TITLE SHALL BE PROVIDED UNDER AN AGREEMENT PERMITTING GENERATION OF FOREIGN CURRENCY PROCEEDS UNLESS (1) THE COUNTRY RECEIVING THE ASSISTANCE IS UNDERTAKING SELF-HELP MEASURES IN ACCORDANCE WITH SECTION 209 OF THIS ACT, (2) THE SPECIFIC USES TO WHICH THE FOREIGN CURRENCIES ARE TO BE PUT ARE SET FORTH IN A WRITTEN AGREEMENT BETWEEN THE UNITED STATES AND THE RECIPIENT COUNTRY, AND (3) SUCH AGREEMENT PROVIDES THAT THE CURRENCIES WILL BE USED FOR (A) ALLEVIATING THE CAUSES OF THE NEED FOR THE ASSISTANCE IN ACCORDANCE WITH THE PURPOSES AND POLICIES SPECIFIED IN SECTION 103 OF THE FOREIGN ASSISTANCE ACT OF 1961, (B) PROGRAMS AND PROJECTS TO INCREASE THE EFFECTIVENESS OF FOOD DISTRIBUTION AND INCREASE THE AVAILABILITY OF FOOD COMMODITIES PROVIDED UNDER THIS TITLE TO THE NEEDIEST INDIVIDUALS IN RECIPIENT COUNTRIES, OR (C) HEALTH PROGRAMS AND PROJECTS, INCLUDING THE IMMUNIZATION OF CHILDREN. THE PRESIDENT SHALL INCLUDE INFORMATION ON CURRENCIES USED IN ACCORDANCE WITH THIS SECTION IN THE REPORTS REQUIRED UNDER SECTION 408 OF THIS ACT AND SECTION 657 OF THE FOREIGN ASSISTANCE ACT OF 1961
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THUS, AS DEVELOPMENT-ORIENTED FOOD AID, SECTION 206 PROGRAMS HAVE THE FACILITY TO STRENGTHEN FOOD SELF-RELIANCE AND FOOD SECURITY; PERMIT MORE STABLE ECONOMIC GROWTH AND TRADE DEVELOPMENT; FACILITATE FOOD AID PLANNING AND BUDGETING; ALLEVIATE PERSISTENT HUMAN HUNGER AND SUFFERING; AND REDUCE THE POTENTIAL FOR POLITICAL INSTABILITY AND UNREST IN THE RECIPIENT COUNTRY.

3. PROGRAM LEVELS: PL 480 COMMODITIES UNDER SECTION 206 ARE AVAILABLE THROUGH THE ANNUAL UNALLOCATED TITLE II RESERVE. THIS RESERVE IS AUTHORIZED FOR EMERGENCY, REFUGEE AND SECTION 206 PROGRAM NEEDS. PRIORITY IS GIVEN TO USING THE RESERVES FOR EMERGENCIES AND REFUGEE

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RELIEF, BUT THE USG CAN EXPAND SECTION 206 PROGRAMMING IN YEARS, SUCH AS FY 1987, WHEN PROJECTED EMERGENCY AND RELIEF REQUIREMENTS SUGGEST MORE FUNDING WILL BE AVAILABLE FOR SECTION 206 PROGRAMS.

PROGRAM LEVELS SHOULD BE DEVELOPED WITH DUE REGARD FOR IMPORT NEEDS, OTHER DONOR PROGRAMS, FOREIGN EXCHANGE AVAILABILITIES, THE RECIPIENT'S COMMITMENT TO REFORM, AND THE NEED TO SUPPORT THAT COMMITMENT WITH EXTERNAL RESOURCES. USUAL PROGRAM LEVELS WOULD RANGE IN SIZE FROM 10,000 MTS TO 20,000 MTS PER YEAR.

4. ELIGIBILITY: SECTION 206 PROGRAMS ARE GENERALLY TAILORED TO THE NEEDS OF LOWER INCOME DEVELOPING COUNTRIES REQUIRING FOOD ASSISTANCE WITH PRIORITY GIVEN TO THOSE EXPERIENCING CHRONIC FOOD DEFICITS. LOWER INCOME COUNTRIES ARE THOSE MEETING THE WORLD BANK'S IDA LOAN ELIGIBILITY CRITERIA, WHICH IS CURRENTLY A 1985 PER CAPITA INCOME OF DOLLARS 790 OR LESS.

CANDIDATE COUNTRY PROGRAMS ARE THOSE IN WHICH EMPHASIS IS GIVEN TO INTEGRATING FOOD AID AND NON-FOOD AID ASSISTANCE PROGRAMS TO PROMOTE FOOD SELF-RELIANCE AND FOOD SECURITY AS WELL AS ECONOMIC GROWTH. NOTE: SELF-RELIANCE IN FOOD IS DEFINED AS THE ABILITY OF A COUNTRY TO ASSURE CONTINUING FOOD SECURITY TO ITS POPULATION FROM A COMBINATION OF DOMESTIC PRODUCTION AND IMPORTATION OF FOOD AT COMMERCIAL TERMS PAID FROM FOREIGN EXCHANGE EARNINGS. BOTH SHORT- AND LONG-RUN FOOD SECURITY ARE NECESSARY. SHORT-RUN FOOD SECURITY IMPLIES THE ABILITY TO MAINTAIN NORMAL CONSUMPTION LEVELS IN THE FACE OF AN EMERGENCY FOOD SHORTAGE. LONG-RUN FOOD SECURITY IS DEFINED AS THE ABILITY OF A COUNTRY TO ASSURE A NUTRITIONALLY ADEQUATE FOOD SUPPLY TO ITS POPULATION ON A CONTINUING BASIS. END NOTE.

SECTION 206 PROGRAMS CAN BE USED, FOR EXAMPLE, WHERE THE INTENT IS TO STRENGTHEN SUCH ELEMENTS OF THE HOST COUNTRY'S FOOD SYSTEM AS THE FOOD DATA COLLECTION AND REPORTING SYSTEM; FOOD AND AGRICULTURAL POLICIES; THE FOOD DISTRIBUTION SYSTEM; THE FOOD SECURITY PROGRAM; AND FOOD EMERGENCY PREPAREDNESS PLANNING. THE EXPECTATION WOULD BE THAT IMPROVEMENTS IN SUCH AREAS WOULD BE FORTHCOMING WITH THE SUPPORT PROVIDED THROUGH SELF-HELP MEASURES, POLICY DIALOGUE, AND THE PROGRAMMING OF SALES PROCEEDS.

SECTION 206 PROGRAMS DIFFER FROM TITLE I PROGRAMS IN THAT THEY ARE GRANT AS OPPOSED TO CREDIT PROGRAMS; ARE

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GENERALLY LIMITED TO LOWER INCOME DEVELOPING COUNTRIES; ARE USUALLY APPROVED ON A MULTI-YEAR BASIS, SUBJECT TO COMMODITY AND FUNDING AVAILABILITY; AND PLACE SPECIAL EMPHASIS ON DIRECTLY ADDRESSING THE ROOT CAUSES OF THE RECIPIENT COUNTRY'S FOOD PROBLEMS AND SUPPORTING PRECAUTIONARY MEASURES THAT HELP AVERT FOOD SHORTAGES.

SECTION 206 PROGRAMS DIFFER FROM MULTI-YEAR TITLE III PROGRAMS IN THAT THEY ARE GRANT AS OPPOSED TO CREDIT PROGRAMS WITH A CREDIT-FORGIVENESS FEATURE; ARE MORE MODEST IN PROGRAM SIZE (10,000 TO 20,000 METRIC TONS); GIVE PRIORITY TO CHRONIC FOOD DEFICIT COUNTRIES; AND AGAIN PLACE SPECIAL EMPHASIS ON ADDRESSING THE ROOT CAUSES OF THE RECIPIENT COUNTRY'S FOOD PROBLEMS AND SUPPORTING PRECAUTIONARY MEASURES THAT HELP AVERT FOOD SHORTAGES. THE USG PAYS FOR THE TRANSPORT COSTS OF SECTION 206 COMMODITIES WHEREAS THESE ARE USUALLY PAID BY THE RECIPIENT GOVERNMENT FOR TITLE I AND TITLE III COMMODITIES.

5. FEATURES: THE PRINCIPAL FEATURE OF A SECTION 206 PROGRAM IS ITS DEVELOPMENT ORIENTATION. SECTION 206 PROGRAMS INCLUDE SELF-HELP MEASURES THAT CONTRIBUTE TO MISSION EFFORTS TO INFLUENCE POLICY REFORM AND IMPLEMENTATION. SECTION 209 SHMS UNDER A TITLE I AGREEMENT WOULD SATISFY THE STATUTORY REQUIREMENT BUT MISSION MAY WISH TO HAVE SEPARATE SHM FOR THE SECTION 206 PROGRAM. THEY GENERATE LOCAL CURRENCIES FROM SALES PROCEEDS THAT ARE JOINTLY PROGRAMMED FOR SPECIFIC DEVELOPMENT ACTIVITIES. SIGNIFICANT EMPHASIS IS PLACED ON THE INTEGRATION OF SECTION 206 RESOURCES WITH OTHER U.S. BILATERAL ASSISTANCE (DA, ESP, INCLUDING AGRICULTURAL PRODUCTION-AND MARKETING-ORIENTED PVO PROJECTS AND OTHER FOOD AID RESOURCES) AS WELL AS OTHER DONOR PROGRAMS DIRECTED TOWARDS THESE ENDS. A PRIVATE SECTOR ORIENTATION IS ENCOURAGED.

6. PROGRAM DESIGN: HANDBOOK 9 EMPHASIZES THE DEVELOPMENT ORIENTATION OF GOVERNMENT-TO-GOVERNMENT SECTION 206 PROGRAMS. THROUGH GENERATION OF LOCAL CURRENCIES THAT CAN BE PROGRAMMED FOR ACTIVITIES THAT SUPPORT POLICY REFORM EFFORTS, SECTION 206 PROGRAMS CAN HELP ADDRESS ROOT CAUSES OF THE RECIPIENT COUNTRY'S FOOD PROBLEMS AND SUPPORT PRECAUTIONARY MEASURES THAT HELP AVERT FOOD SHORTAGES. PROGRAM ELEMENTS INCLUDE COMMODITIES, SELF-HELP MEASURES, LOCAL CURRENCY USE, AND PROVISION OF BENEFITS TO THE NEEDIEST POPULATION GROUPS. PROGRAMS MUST BE CONSISTENT WITH LEGISLATIVE REQUIREMENTS AS WELL AS APPROVED COUNTRY STRATEGY. LOCAL CURRENCY FUNDED

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ACTIVITIES SHOULD BE DEVELOPED CONSISTENTLY WITH ESTABLISHED A.I.D. POLICY.

{A} SELF HELP MEASURES: SECTION 109 OF PUBLIC LAW 480 PERMITS A BROAD RANGE OF ACTIVITIES IN THE AREAS OF AGRICULTURE, POPULATION, LITERACY AND HEALTH. HOWEVER, FOOD AND AGRICULTURAL POLICIES REQUIRE SPECIAL CONSIDERATION. PRIORITY SHOULD BE GIVEN TO SUCH AREAS AS PRICING POLICIES; PRODUCTION INCENTIVES PROGRAMS FOR SMALL FARMERS; COST EFFECTIVE FOOD DISTRIBUTION PROGRAMS APPROPRIATELY TARGETED TO THE NEEDIEST; IMPROVED PRODUCTION, MARKETING AND STORAGE POLICIES; AND REMOVAL OF CONSTRAINTS TO MORE EFFECTIVE PARTICIPATION BY THE PRIVATE SECTOR IN FOOD PRODUCTION AND DISTRIBUTION.

SECTION 206 SHM'S SHOULD BE STRUCTURED IN A MANNER COMMENSURATE WITH HOST GOVERNMENT AND MISSION IMPLEMENTATION CAPABILITIES. THEY MAY ADDRESS ADOPTION AS WELL AS IMPLEMENTATION OF REFORM MEASURES. ALSO, THEY SHOULD BE ADDITIONAL TO WHAT THE RECIPIENT GOVERNMENT OTHERWISE WOULD HAVE UNDERTAKEN IN THE ABSENCE OF THE PL 480 FOOD AID PROGRAM.

{B} LOCAL CURRENCY USES: IN PROGRAMMING SALE PROCEEDS, PRIORITY SHOULD BE GIVEN TO ACTIVITIES WHICH ADDRESS THE CAUSES OF THE NEED FOR FOOD AID AND IMPROVE THE EFFECTIVENESS OF FOOD DISTRIBUTION TO THE NEEDIEST. APPROPRIATE USES WOULD INCLUDE, FOR EXAMPLE, STRENGTHENING CAPACITY TO COLLECT AND ANALYZE FOOD AND AGRICULTURAL SECTOR DATA; ESTABLISHMENT OF GRAIN STORAGE AND MARKETING INFRASTRUCTURE; CROP PROTECTION AND PREVENTION OF POST-HARVEST LOSSES; FOOD DISTRIBUTION SYSTEMS TARGETED TO ENHANCE FOOD CONSUMPTION AMONG LOW-INCOME GROUPS; AND AGRICULTURAL RESEARCH FOR INDIGENOUS FOOD CROPS.

LOCAL CURRENCIES GENERATED FOR EXPENDITURE ON SPECIFIED DEVELOPMENT ACTIVITIES MUST BE EQUIVALENT TO NOT LESS THAN THE USDA {FAS} DOLLAR VALUE OF THE COMMODITIES. THE EXCHANGE RATE TO BE USED IN CALCULATING THIS LOCAL CURRENCY EQUIVALENT SHALL BE THE RATE AT WHICH THE CENTRAL MONETARY AUTHORITY OF THE IMPORTING COUNTRY, OR ITS AUTHORIZED AGENT, SELLS FOREIGN EXCHANGE FOR LOCAL CURRENCY IN CONNECTION WITH THE COMMERCIAL IMPORT OF THE SAME COMMODITIES.

SPECIFIC USES OF LOCAL CURRENCY MUST BE AGREED TO WITH THE HOST GOVERNMENT AND STATED IN THE AGREEMENT. SUBSEQUENT DECISIONS ON DETAILED PROJECT FUNDING

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REQUIREMENTS CAN BE MADE WITHIN THE BOUNDS OF THESE AGREED SPECIFIC USES. DISBURSEMENT OF FUNDS SHOULD BE JOINTLY AGREED TO BY USAID AND THE HOST GOVERNMENT, AND THE HOST GOVERNMENT MUST ESTABLISH ADEQUATE ACCOUNTING PROCEDURES FOR MONITORING LOCAL CURRENCY USES.

THE 206 PROGRAM PLAN (SEE PARA. 8 BELOW) SHOULD DESCRIBE (I) SPECIFIC USES TO BE STATED IN THE TRANSFER AUTHORIZATION (TA), AND (II) WHAT THE PROJECT SELECTION CRITERIA FOR DETAILED LOCAL CURRENCY USE MIGHT BE UNDER THE PROPOSED PROGRAM, PARTICULARLY AS THEY OPEN UP OPPORTUNITIES FOR THE PRIVATE SECTOR. IT WOULD BE PREFERABLE TO HAVE CRITERIA, MECHANISMS AND/OR DETAILED USES TO BE STATED IN THE TA, BUT THESE CAN BE STATED IN A MEMORANDUM OF UNDERSTANDING (MOU) COMPATIBLE WITH THE TA IF NEEDED.

(C) MULTI-YEAR COMMITMENTS: PAST EXPERIENCE AND THE NATURE OF THE PROBLEMS ADDRESSED SUGGEST THAT SECTION 206 PROGRAMS SHOULD USUALLY BE UNDERTAKEN ON A MULTI-YEAR BASIS. A MULTI-YEAR COMMITMENT PROVIDES THE RECIPIENT A MAJOR INCENTIVE, AS WELL AS SUFFICIENT TIME, TO ENGAGE IN PROGRAM ACTIONS AND REFORM EFFORTS THAT IT WOULD NOT OTHERWISE PURSUE. A MULTI-YEAR COMMITMENT IS KEYED TO COMMODITY AND FUNDING AVAILABILITY ON A YEAR-TO-YEAR BASIS AND SUBJECT TO SATISFACTORY PROGRAM PERFORMANCE AS THE MAIN CRITERION FOR JUSTIFYING EACH SUBSEQUENT YEAR'S AUTHORIZATION.

(D) UMR APPLICATION: REASONABLE PRECAUTIONS MUST BE TAKEN TO ASSURE THAT COMMODITIES SUPPLIED UNDER TITLE II WILL NOT DISPLACE OR INTERFERE WITH SALES WHICH MIGHT OTHERWISE BE MADE. THE USUAL MARKETING REQUIREMENT (UMR) APPLIES IN THIS REGARD. THE UMR IS HANDLED ON THE SAME BASIS AS TITLE I. IF THE RECIPIENT COUNTRY HAS MADE COMMERCIAL PURCHASES OF THE COMMODITIES TO BE PROGRAMMED UNDER TITLE II, IT MUST CONTINUE TO DO SO, USUALLY AT A LEVEL REFLECTING ITS AVERAGE COMMERCIAL PURCHASES OVER THE LAST FIVE YEARS. THE UMR CAN BE REDUCED OR ELIMINATED IN SPECIAL CASES IF JUSTIFIED BY THE FINANCIAL CONDITION OF THE COUNTRY.

(E) BELLMON DETERMINATION: THE BELLMON AMENDMENT, PL 460 SECTION 403 (B), APPLIES AND REQUIRES A DETERMINATION THAT ADEQUATE STORAGE FACILITIES ARE AVAILABLE IN THE RECIPIENT COUNTRY AND THAT THE DISTRIBUTION OF THE COMMODITIES IN THE RECIPIENT COUNTRY WILL NOT RESULT IN A SUBSTANTIAL DISINCENTIVE TO OR INTERFERENCE WITH DOMESTIC PRODUCTION OR MARKETING IN THAT COUNTRY.

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{F} ILLUSTRATIVE EXAMPLES OF PROGRAMS THAT CAN BE IMPLEMENTED VIA THE SECTION 206 MECHANISM INCLUDE:

- MEASURES SUPPORTING INCREASED FOOD PRODUCTION, INCLUDING APPROPRIATE FOOD AND AGRICULTURAL POLICIES;
- A RELIABLE FOOD DATA COLLECTION AND REPORTING SYSTEM;
- A WELL DESIGNED AND MANAGED FOOD DISTRIBUTION SYSTEM;
- AN ADEQUATE, COST-EFFECTIVE FOOD SECURITY PROGRAM;
- AND
- AS APPROPRIATE, A FOOD EMERGENCY PREPAREDNESS PLAN.

ACTIVITIES UNDERTAKEN AS PRECAUTIONS AGAINST FOOD SHORTAGES SHOULD BE CONSIDERED FOR SPECIAL EMPHASIS WHERE APPROPRIATE.

MANY IF NOT ALL OF THE ABOVE ELEMENTS ARE USUALLY INCORPORATED IN A COUNTRY FOOD SECTOR STRATEGY DEVELOPED BY THE HOST GOVERNMENT. THE IMPLEMENTATION OF AN FSS ADDS A LARGE MEASURE OF ASSURANCE THAT THE HOST GOVERNMENT IS COMMITTED TO FOOD SELF-RELIANCE AND SECURITY.

IN DESIGNING AND IMPLEMENTING SECTION 206 ACTIVITIES TO SUPPORT ANY OF THESE PROGRAM ELEMENTS, IT IS HIGHLY DESIRABLE TO COORDINATE PROGRAM AND POLICY INITIATIVES WITH THOSE OF OTHER FOOD DONORS. THIS IS ESPECIALLY IMPORTANT WHEN POLICY REFORMS ARE BEING ENCOURAGED.

{G} PL 480-RELATED COSTS: THE USG FINANCES BOTH COMMODITY AND FREIGHT COSTS TO THE POINT OF ENTRY. THIS PROVISION RECOGNIZES THE SEVERE FINANCIAL CIRCUMSTANCES CHARACTERISTIC OF SECTION 206 RECIPIENTS.

7. STREAMLINED PROGRAM DEVELOPMENT AND APPROVAL: THE STREAMLINED APPROVAL PROCESS FOR SECTION 206 PROGRAMS WILL BE COMPATIBLE WITH THAT CURRENTLY FOLLOWED FOR OTHER TITLE II PROGRAMS. A TWO-STEP PROCESS IS ENVISAGED:

{A} CABLE WILL BE ACCEPTABLE AT ANY POINT IN THE PROGRAM CYCLE AS AN INITIATING DOCUMENT. THE CABLE SHOULD CONTAIN BASIC NEW PROJECT INFORMATION FOR PL 480 SUCH AS OUTLINED IN THE AGENCY'S FY 88 PROGRAM AND BUDGET GUIDANCE (STATE 13135 WORLDWIDE, DATED 4/26/86, PARAS. 2 AND 19). A NARRATIVE STATEMENT JUSTIFYING THE PROPOSAL AND BRIEFLY OUTLINING NEED, TYPE OF COMMODITY, POLICY IMPACT, LOCAL CURRENCY USE, SHIPPING SCHEDULE, AND RELEVANCE TO APPROVED STRATEGY SHOULD BE

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INCORPORATED IN THE CABLE.

(B) THE PRIMARY DOCUMENT DESCRIBING AND JUSTIFYING THE ACTIVITY WILL BE A SECTION 206 PROGRAM PLAN INCORPORATING THE PROGRAM DESIGN ELEMENTS DISCUSSED IN PARA. 6 ABOVE. THE PREPARATION AND PRESENTATION REQUIREMENTS FOR THE PROGRAM PLAN ARE TO BE KEPT TO A REASONABLE LENGTH, CROSS-REFERENCING EXTANT POLICY AND STRATEGY STATEMENTS AND PROGRAM DOCUMENTS AS MUCH AS POSSIBLE. FOR EXAMPLE, THE CURRENT APPROVED CDSS AND ACTION PLAN WOULD BE INCORPORATED BY REFERENCE IN THE SECTION 206 PROGRAM PLAN, AS WOULD PROJECT DOCUMENTATION FOR APPROVED PROJECTS WHICH INVOLVE ACTIVITIES TO BE SUPPORTED BY LOCAL CURRENCY GENERATIONS.

AID/W PROCEDURES WILL INCLUDE REVIEW BY THE RELEVANT REGIONAL BUREAU AND PPC AND SUBMISSION OF THE PROPOSAL BY PVA/PPP TO THE DCC FOR APPROVAL. MISSIONS SHOULD AIM FOR SUBMISSION OF PROGRAM PLANS NORMALLY NO LATER THAN THE END OF THE SECOND QUARTER OF THE FISCAL YEAR TO PERMIT REVIEW, APPROVAL AND CALL FORWARDS WITHIN THE YEAR. PROGRAM PLANS SHOULD SPECIFY THE TYPE COMMODITIES REQUIRED TO FACILITATE USG COMMODITY MANAGEMENT.

MISSIONS ARE URGED TO DESIGN PROGRAMS THAT ARE RELATIVELY SIMPLE AND WHICH ARE COMMENSURATE WITH MISSION AND HOST GOVERNMENT CAPACITIES TO IMPLEMENT THEM.

B. SUGGESTED OUTLINE FOR SECTION 206 PROGRAM PLANS:

- SUMMARY
- STATEMENT OF CRITICAL ISSUES
- PROGRAM DESCRIPTION
- (A) PROBLEM
- (B) OBJECTIVES
- (C) SUMMARIES OF RELEVANT ANALYSES (SECTORAL, ECONOMIC, TECHNICAL, SOCIAL AND ENVIRONMENTAL ANALYSES, AS APPROPRIATE)
- (D) PROGRAM ELEMENTS
 - COMMODITY SELECTION/LEVELS
 - SELF-HELP MEASURES
 - LOCAL CURRENCY USES
- FINANCIAL PLAN
- BELLMON ANALYSIS

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STATE/EB:C.BILLO {DRAFT}
TREAS/IDP:R.YATES {DRAFT}
OMB:G.MOSER {DRAFT}
AID/GC:C.STEPHENSON {DRAFT}

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523AFR/MGT
November 9, 1987HEADQUARTERS MANAGEMENT NOTICE NO. 87-141TO: All Africa Bureau Employees
FROM: AFR/MGT, *Carol D. McGraw* Caroline D. McGrawSUBJECT: Guidelines for the Review, Approval and Authorization
of Unsolicited Proposals for Grants and Cooperative Agreements

The following Action Memorandum on guidelines for the review, approval and authorization of unsolicited proposals for grants and cooperative agreements was approved by the Assistant Administrator on October 28, 1987 and is effective immediately:

*ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

From : AFR/PD, Carol Peasley
Subject: Unsolicited Proposals

Problem: The Africa Bureau has no set procedures for reviewing unsolicited proposals submitted to it for funding from outside organizations. The recent increase in the number of unsolicited proposals being received has prompted us to draw up standardized procedures for review, approval and funding of unsolicited proposals for grants and cooperative agreements. Your approval is requested.

Background: The Africa Bureau receives on a continuing basis unsolicited proposals from outside organizations. Proposals come in from a wide variety of groups, including PVOs, non-profit consulting firms, for-profit consulting firms, universities, university consortia, educational groups, research groups, etc.

To date the bureau has handled review of unsolicited proposals in an ad-hoc manner, with the level of review dependent on the combined judgment of the technical, geographic, and project offices involved. Sometimes a proposal review committee will be chaired by a division chief, sometimes by the PD office director, sometimes by the DAA. Sometimes both issues and ECPR reviews are held, sometimes not. There have been no set procedures.

Agency policy is generally supportive of unsolicited proposals. However, they have presented several unique problems, which the procedures laid out below attempt to address. First, there is concern that acceptance of many unsolicited proposals will cause the bureau to lose control of its programming. Proposers and their supporters often aggressively lobby the agency for their proposals. Second, many unsolicited proposals do not contain sufficient background analysis and implementation planning as required by A.I.D., and a substantial amount of A.I.D. staff time often is needed to evaluate proposals and bring them up to acceptable standards. The time lapse involved, as well as additional work sometimes asked of the proposer to supplement the original proposal, often creates a heightened expectation on the part of the proposer that its proposal will be accepted, making it more difficult to ultimately reject it.

In view of this and given the increase in the number of unsolicited proposals over the last several months, it is appropriate that the bureau adopt standardized procedures for review, approval and disapproval of unsolicited proposals. I am referring for the most part to multi-country activities. Unsolicited proposals specific to only one country generally are transmitted directly to the concerned USAID mission, which takes action on review. For the sake of completeness, this memo also deals with review procedures for country-specific activities in Section B.

Handbook 13, chapter 2B states that unsolicited proposals for grants or cooperative agreements require the approval of the responsible Assistant Administrator or his/her designee. The PD office director has been delegated authority, under DOA 553, section 4D, to approve award of a grant or cooperative agreement, including those arising from unsolicited proposals, without full competition. However, authority to authorize the activity still rests with the Assistant Administrator.

This memo deals only with proposals submitted for funding by means of a grant or cooperative agreement. Procedures under the FAR and AIDAR for handling unsolicited proposals for contracts

differ, and are currently under review by M/SER/PPE. Detailed Africa Bureau guidance on these procedures will be issued later in consultation with M/SER/PPE.

Discussion

A. Multi-country activities. The following lays out proposed procedures for A.I.D./W review of all unsolicited proposals for grants and cooperative agreements involving more than one country.

1) Preliminary screening. Unsolicited proposals are received by various offices in the bureau -- PD, TR, DP, a geographic desk. Immediately after receipt, the receiving office should transfer the proposal to the appropriate PD division (PD/SA for education, PD/SWAP for famine relief, drought emergency, and private sector, PD/CCWAP for health, and PD/EA for agriculture and natural resources) which will coordinate the A.I.D./W review process.

PD will consult with DP, the appropriate TR sectoral division, and the geographic desk to consider such issues as consistency of the proposal with agency and AFR priorities, quality of proposal preparation, political considerations, funding availability, likely mission response, etc. It may be that a project mechanism exists in the agency which could absorb the proposed activity -- e.g., an S&T or AFR/regional program -- in which case the proposal could be forwarded immediately to that office for consideration and the proposing organization so notified.

Preliminary screening can be handled informally, provided all appropriate offices are involved. If it is decided that the proposal is not sufficiently well prepared to warrant review or that it is inappropriate for bureau support, PD will prepare a letter of disapproval, to be cleared by the appropriate technical office, geographic offices if appropriate, and DP, and signed by the PD office director or DAA/AFR Bollinger, as determined by issues, interest, etc.

2) Formal review. If a proposal survives preliminary screening, the following review procedures will apply. The PD office will manage the review process in all cases.

-- Activities with LOP not exceeding \$2.5 million: The project officer from the appropriate PD division prepares an issues paper. The PD division chief or office director chairs a single review meeting. The PD division prepares action memorandum/authorization package for appropriate TR,

DP, GC/AFR, geographic, and other technical clearances, PD office director signature, and AA/AFR approval and authorization.

-- Activities with LOP of \$2.5 million and above: Normal review procedures apply, including issues meeting and ECPR. The PD director and DAA/AFR will determine the chair for the ECPR, based on interest, issues, etc. AA/AFR approval and authorization.

3) Mission concurrence. Involved missions must concur on all unsolicited proposals funded centrally by AFR. AFR/PD should send out the proposal for mission review before the formal review takes place in A.I.D./W. Formal review committee meetings will not consider any proposal without the necessary mission concurrences/comments. An interim letter to the proposing organization explaining the proposal's status may well be in order following the preliminary screening, since obtaining mission concurrences can be a lengthy process.

4) Response to Proposing Organization. The proposing organization will receive written notification of action to be taken, within 30 days of receipt of the proposal. Options include: rejection of the proposal; interim response; request for a revised proposal; indication that the proposal will be formally reviewed and within what timeframe; or approval of the proposal. If a proposal needs revision or additions, we anticipate that the request will be made to the proposing organization following preliminary screening.

Preliminary screening should be completed within 30 days of receipt of the proposal. If formal review is appropriate, our aim is to complete the review process within 60 days of receipt of proposal. Authorization would not have to be accomplished within that timeframe, especially if the activity cannot be funded immediately.

B. Country-specific activities. Field missions have authority to authorize unsolicited activities in accordance with normal project authorities laid out in DOA 551. However, normal PID-level review procedures must be complied with, and thus PID approval authorities in DOA 551 (section 4B) also apply: i.e., Schedule A posts can approve unsolicited proposals not exceeding \$2.5 million; all other proposals must be reviewed and approved by A.I.D./W, unless an ad-hoc delegation of authority is granted. These approval authorities also apply to Operational Program Grants (OPGs) to PVOs. (N.B.: grants and cooperative agreements awarded to PVOs under mission PVO umbrella projects are exempt from these approval requirements.)

PID/project approval authority should not be confused with authority to accept an unsolicited proposal without competition. Per Handbook 13, chapter 2B, the responsible AA or his/her designee must approve any limitation of competition for a grant or cooperative agreement. DOA 553, section 4B delegated this authority to the PD office director. Thus, for all unsolicited proposals for grants and cooperative agreements submitted to field posts, posts must still obtain the PD office director's formal approval to limit competition. The main exception to this requirement is for OPGs, which by definition are unsolicited and which do not require competition. All other unsolicited proposals must be submitted to the PD office director for approval to limit competition. I recommend this be done by cable exchange, unless the concerned mission prefers to submit the entire proposal."

distribution:
one to every three employees

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

ASSISTANT
ADMINISTRATOR

April 29, 1988

HEADQUARTERS MANAGEMENT NOTICE NO. 88-30

TO: AFR Bureau Staff and Missions

FROM: AA/AFR, Charles Gladson

SUBJECT: AFR Bureau Procedures for Project Implementation Review

REF: Headquarters Management Notice No. 82-33
dated April 14, 1982

I. General

The purpose of this notice is to set forth revised Bureau procedures for review of project implementation performance. Formal Bureau review is structured around the semi-annual Project Implementation Report (PIR), which is required for all bilateral and regional projects and non-project assistance, PL 480 activities, centrally-funded projects, and operational program grants.

These procedures reflect the evolving information needs of the AFR Bureau related to the new Development Fund for Africa, as well as the Bureau's expanded delegations of authority to the field. These needs include project/program performance, financial analysis, evaluation, tracking, PACD issues, funding considerations, etc. PIR's are intended to be a management tool for missions and a means for AFR/Washington review of program performance. They should provide project-specific information, as well as more general information on how individual activities contribute to achievement of broader strategic objectives. It is recognized that the overall utility of the PIR process will depend a great deal on the quality of performance information provided in the PIR submission; both AID/W and the field will need to make a sustained joint effort to develop concise and focussed documentation.

II. PIR Format

In State 78879 dated March 18, 1988, PIR's were modified to focus more explicitly on: purpose and output-level tracking; analysis of problems and issues central to the project's success in meeting objectives; tracking of major outstanding project evaluation and audit recommendations. The companion Mission Director's overview statement should be based on mission review of projects as they relate to Action Plan objectives.

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A. Mission Director's Overview Statement - PIR's represent an opportunity for mission management to review all activities on a regular basis and to reflect upon the extent to which individual activities contribute to the broader strategic objectives which the mission program seeks to achieve. While individual PIR statements will continue to focus on individual projects and programs, it is now requested that PIR overview statements be organized around Action Plan objectives, where available. Missions lacking such a framework should refer to the appropriate substitute document [CDSS, Concept Paper or SPSS]. Structuring of the overview statement in this manner will regularly remind all mission and Washington staff of the broader objectives that mission projects and programs are attempting to achieve, while simultaneously providing regular, albeit impressionistic, feedback on the status of Action Plan progress. This should provide a useful mechanism for missions to update performance reporting in Action Plans.

Over time, it is expected that this process will also facilitate monitoring of the Bureau's various sector Action Plans (currently, Agriculture Research and Faculties of Agriculture, Natural Resources Management, Child Survival, Primary Education, Nutrition, Population, AIDS, Private Sector Security/Famine Preparedness for example). In particular, AFR/TR will use its participation in the PIR review process to track implementation of sector priority decisions and identify the need for potential adjustments in the strategies which have been approved by Bureau management.

B. Proposed Format for Individual Activities - The PIR format contained in Attachment A has been organized and simplified to elicit only that information which AFR Bureau considers essential for its backstopping role. This information is the minimum now required in PIR's, although missions may provide information beyond this minimum core. This format should be used for all portfolio activities (including bilateral and regional projects, non-project assistance, PL 480 activities, centrally-funded projects and operational program grants). However, in order to ease the reporting burden, individual narratives will not be required for activities with a LOP less than \$500,000. If useful, a slightly modified format may be used to report on special types of assistance, such as program assistance (non-project assistance) and food aid.

III. AID/W Review Process

A. Receipt and Distribution - Project Implementation
Reports should be prepared by field posts and submitted to AFR/PD/IPS every six months. Submissions reflecting implementation performance over the first two quarters of the FY (October-March) are due no later than May 1 and those reflecting the third and fourth quarters (April-September) are due no later than November 1. Submissions are requested in typed document form. AFR/PD/IPS will microfiche the document for AID/W permanent record and forward it to the appropriate AFR/PD division responsible for its review within two days of its receipt.

B. AFR/Washington Review - AFR/PD will be responsible for the overall management of the AFR/Washington review process. The appropriate AFR/PD division will package and distribute PIR's within the Agency according to the standard bureau notification list noted in Attachment B and as periodically updated. The core review group will be the Project Committee (PC), which should include the following members:

1. Project Development Officer, AFR/PD (Chairperson)
2. Geographic Desk Officer
3. AFR/TR - from appropriate technical sector(s)/divisions(s)
4. AFR/DP
5. GC/AFR
6. Other AID/W staff, as appropriate (PPC, PRE, S&T, M/FM, M/SER, FVA).

The PC chairperson will provide at least five, and no more than 10 working days between distribution of PIR's and the actual PIR review.

The chairperson will be expected to undertake his/her role as manager of the review process in as collaborative and analytically rigorous a manner as possible, so as to ensure maximum contribution from all relevant offices and bureaus. While it is expected that a wide variety of Bureau concerns may be aired at the normal review, it is expected, at a minimum, that substantive concerns will include:

- progress toward achieving project purpose and outputs
- pipeline review
- major problems (outstanding evaluation or audit recommendations, implementation problems, or policy issues).
- major accomplishments in special interest areas, e.g., natural resources, child survival, and WID.

- during May review, special attention will be given to issues which will be relevant to ABS budget and programming decisions.

Upon completion of the PIR review, the PC chairperson will promptly draw up a reporting cable to the field post, to be approved by the AFR/PD Director and cleared by all key PC members. PIR reporting cables will be sent to the field within ten working days of the PIR review.

Upon completion of the overall PIR cycle, the individual PD Division Chiefs will recapitulate broad PIR performance findings for the Director, AFR/PD, who will be responsible for ensuring appropriate feedback on the topic of implementation performance to AFR Bureau executive management.

ATTACHMENT A. PIR Format

1. Administrative Information

- Country
- Project title
- Project number
- Date of report
- Implementing Agency
- Major contractors/amounts
- Field Backstop Officer
- A.I.D. Backstop Officer
- Date of last evaluation and/or audit
- Date of next evaluation and/or audit
- Waivers processed during the reporting period

2. Financial Data [Dols 000]

- Date of authorization
- Authorized LOP
- Date of initial obligation
- PACD [original and revised]
- Cumulative obligation
- Cumulative accrued expenditures
- Cumulative commitment
- Est. cost of individual inputs

3. Performance Information

- A. Project purpose [statement from Project Paper or PAAD].
- B. Progress toward meeting EOPS [This section may be left blank for new projects. However, once a project is at least three years old and/or its first evaluation is completed, we request at least impressionistic reporting on progress in achieving significant purpose level indicators, and to extent possible any significant findings from data collection, impact data collection/impact studies funded under the project].
- C. Project outputs [Left-hand column to list major logframe output targets and right-hand column to directly track output status, including rough percentage quantification of progress toward completion].
- D. Important issues/problems [Implementation or policy issues requiring management decision, major outstanding evaluation or audit recommendations, as well as actions taken during reporting period on recommendations].
- E. Important Actions Over next six months, timeframe and action agent.

ATTACHMENT B: STANDARD DISTRIBUTION

NOTICE OF MEETING

TO: See Distribution
FROM: AFR/PD, Carol Peasley
SUBJECT: Project Implementation Review (PIR) Meeting for Somalia

DATE:
TIME:
PLACE:
CHAIRPERSON:

Those noted on the following distribution list will receive a complete set of Project Implementation Reports for this cycle. Those noted with an asterick are requested to forward their PIR's to the person who will represent that office in the PIR Meeting scheduled above.

Distribution

AFR/PD:	Carol Peasley	(1)
	James Graham	(1)
AFR/TR:	Keith Sherper	(1)
	Ken Prussner - ARD*	(1)
	Norm Rifkin - E*	(1)
	Gary Merritt - HPN*	(1)
	A. David Lundberg - PRO	(1)
AFR/DP:	John Westley	(1)
	Hank Merrill - PAB*	(1)
	Edward Greeley - PPE	(1)
	Cynthia Clapp-Wincek - PPE	(1)
	Jerry Wolgin - PAR	(1)
Desk	Office Director*	(2)
AFR/MTI:	Warren Weinstein	(1)
AFR/CONT:	Ray King	(1)
PPC/PB:	Robert Maushammer	(1)
GC/AFR:	Gary Bisson	(1)

N.B. Selected offices outside the AFR Bureau (S&T, FVA, etc.) may be invited to the PIR Meeting depending on the nature of the Mission portfolio. Additional copies of PIR's are available from the responsible PD division upon request.

N.B. This list was current as of March 1988 and should be updated each PIR cycle.

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Department of State

OUTGOING
TELEGRAM

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ORIGIN AID-00

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ORIGIN OFFICE AFPD-34
INFO AAAF-03 AFEA-03 AFSA-03 AFFW-04 AFCV-03 AFDP-06 FPA-02
AFTR-05 FVA-01 PPPB-02 GC-01 GCAF-01 PPDC-01 APPC-02
SAST-01 FFP-09 ES-01 RELO-01 AFMG-03 /056 A4 ML16

INFO LOG-00 AF-00 EB-00 AMAD-01 /001 R

DRAFTED BY: AID/AFR/PD/CCVAP:JHRADSKY
APPROVED BY: AID/AFR/PD:CPEASLEY
CLEARANCES: AID/AFR/PD/EAP:SBAKER (DRAFT)
AID/AFR/PD/SAP:PTHORN (DRAFT)
AID/AFR/PD/:JGRAHAM (DRAFT)
AID/AFR/PD/SWAP:BOURHETT (DRAFT)
AID/AFR/DP/PPE:EGREELEY (DRAFT)

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TO USAID MISSIONS IN AFRICA

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AIDAG

C O R R E C T E D C O P Y - T E X T

E.O. 12356: N/A

SUBJECT: PROJECT IMPLEMENTATION REPORTS

REF: (A) 86 STATE 130300 (B) STATE 360044 (C) STATE 23724

1. AFR BUREAU MANAGEMENT CONTINUES TO REASSESS ITS OVERALL INFORMATION NEEDS IN LIGHT OF THE NEW DEVELOPMENT FUND FOR AFRICA AND GROWING DELEGATIONS OF AUTHORITY TO THE FIELD. IN THIS CONTEXT AFR/PD, AFR/DP AND OTHERS HAVE RECENTLY RE-EXAMINED THE SCOPE AND USE OF PROJECT IMPLEMENTATION REPORTS (PIR). MODIFICATIONS TO EXISTING PIR FORMAT AND PROCEDURES HAVE BEEN RECOMMENDED WHICH SHOULD BETTER FOCUS REPORTING ON CORE IMPLEMENTATION PERFORMANCE WHILE PLACING MINIMAL EXTRA BURDEN ON FIELD STAFF. THE PURPOSE OF THIS CABLE, THEREFORE, IS (1) TO REPORT ON NEW PIR PROCEDURES; (2) TO PROPOSE A NEW UNIFORM REPORTING FORMAT; AND (3) TO PROVIDE SPECIFIC INSTRUCTIONS FOR THE UPCOMING PIR CYCLE.

2. PIR PROCEDURES: GIVEN THE GROWING IMPORTANCE OF PIRS, STANDARD REVIEW PROCEDURES HAVE NOW BEEN ADOPTED BY AFR BUREAU TO IMPROVE ITS USE OF THE DOCUMENTS. FOLLOWING THEIR RECEIPT BY AFR/DP/IPS, PIRS ARE ROUTINELY PROCESSED IN THE FOLLOWING MANNER: MICROFICHE OF PIR AND RETRANSMISSION TO APPROPRIATE AFR/PD GEOGRAPHIC BACKSTOP, ORGANIZED PACKAGING OF PIRS FOR REPRODUCTION AND STANDARD DISTRIBUTION, PROJECT COMMITTEE MEETING WITH AGENDA, FEEDBACK CABLE TO FIELD. THE TYPICAL PROJECT COMMITTEE REVIEW NOW OFFERS A UNIQUE OPPORTUNITY FOR REPRESENTATIVES OF THE FULL SPECTRUM OF AFR BUREAU (PD, DESK, DP, TR) AND OTHER CONCERNED OFFICES (S AND T, FFP, PPC, GC, ETC) TO REVIEW MISSION PORTFOLIOS IN A REGULAR AND ORGANIZED MANNER. A NUMBER OF SPECIFIC REPORTING CONCERNS ARE EXPEDITIOUSLY DEALT WITH IN THIS MANNER (PROJECT/PROGRAM PERFORMANCE, SPECIAL INTEREST ACCOMPLISHMENT, PIPELINE ANALYSIS, EVALUATION TRACKING, PACD ISSUES, FUNDING CONSIDERATIONS, ETC.). THE REVISED PIR FORMAT PROPOSED IN PARA 3 OF THIS CABLE ADDRESSES THESE AID/W INTERESTS, WHILE SIMULTANEOUSLY RETAINING THE VALUE OF THE PIR AS A MISSION MANAGEMENT TOOL.

BECAUSE OF THE IMPORTANCE OF REGIONAL ACTIVITIES IN AFRICA AND THE NEED FOR PIR'S TO REFLECT TOTAL PORTFOLIO PERFORMANCE, MISSIONS WHO HAVE NOT YET DONE SO ARE REQUESTED TO REPORT ON REGIONAL, CENTRALLY-FUNDED, AND PLANNED ACTIVITIES, IN ADDITION TO BILATERAL PROJECTS. IN ORDER TO EASE THE REPORTING BURDEN, AFR BUREAU WILL NO LONGER REQUIRE INDIVIDUAL NARRATIVES ON PROJECTS WITH AN LOP LESS THAN DOLS 500,000. RATHER, FOR THESE SMALL PROJECTS, MISSIONS NEED ONLY SEND A SUMMARY LIST SHOWING FUNDS AUTHORIZED, OBLIGATED AND EXPENDED, PACD AND A SIMPLE AND VERY BRIEF STATEMENT OF PROJECT PURPOSE AND ANY MAJOR ACCOMPLISHMENTS OR PROBLEMS.

THE BUREAU WILL CONTINUE TO CONDUCT PORTFOLIO REVIEWS TWICE A YEAR ALTHOUGH TIMING OF REPORTING HAS BEEN ADJUSTED SOMEWHAT TO BETTER COINCIDE WITH OVERALL PROGRAMMING REQUIREMENTS. AID/W REVIEWS WILL BE HELD IN MAY TO COVER THE FIRST TWO QUARTERS OF THE FY, AND IN NOVEMBER FOR THE LAST TWO QUARTERS OF THE FY. PIR'S FOR THE FORMER SHOULD BE RECEIVED IN AID/W BY MAY 1, AND FOR THE LATTER, BY NOVEMBER 1. THESE PIR'S SHOULD REFLECT THE STATUS OF PROJECT IMPLEMENTATION AS OF 3/31 AND 9/30 RESPECTIVELY, WITH THE POSSIBLE EXCEPTION OF PROJECT FINANCIAL REPORTING, FOR WHICH EARLIER DATA WILL BE ACCEPTABLE IF END-OF-QUARTER INFORMATION IS NOT AVAILABLE AT THE TIME OF REPORTING.

PIR SUBMISSIONS ARE REQUESTED TO ARRIVE IN AFR/DP/IPS IN TYPED DOCUMENT FORM, SO AS TO AVOID DELAYS IN PACKAGING AND DISTRIBUTION IN A.I.D./W. ALSO, IF POSSIBLE, MISSIONS ARE URGED TO SEND COPIES OF WANG DISKETTE. DUE, PARTICULARLY, TO POOR READABILITY AFTER REPRODUCTION, SUBMISSION OF PIR'S BY CABLE SHOULD BE USED ONLY AS A LAST RESORT.

3. PIR FORMAT: PROJECT PIR'S HAVE BEEN MODIFIED TO FOCUS MORE EXPLICITLY ON (A) PURPOSE AND OUTPUT-LEVEL TRACKING (B) ANALYSIS OF PROBLEMS AND ISSUES CENTRAL TO THE PROJECT'S SUCCESS IN MEETING OBJECTIVES AND (C) TRACKING OF MAJOR OUTSTANDING PROJECT EVALUATION AND AUDIT RECOMMENDATIONS. THIS SHOULD HELP MISSIONS MINIMIZE DETAILED INPUT REPORTING AND GENERALLY SHORTEN LENGTH OF PIR'S. THE COMPANION MISSION DIRECTOR'S OVERVIEW STATEMENT SHOULD SIMILARLY BE CONCISE AND REFLECTIVE OF MISSION REVIEW OF PROJECTS AS AN INTEGRAL PART OF THE CURRENT ACTION PLAN (SEE BELOW).

A. MISSION OVERVIEW STATEMENT - AS NOTED IN REF (B), PIR'S REPRESENT AN OPPORTUNITY FOR MISSION MANAGEMENT TO REVIEW ALL ACTIVITIES ON A REGULAR BASIS AND THEN TO REFLECT UPON THE EXTENT TO WHICH INDIVIDUAL ACTIVITIES CONTRIBUTE TO THE BROADER STRATEGIC OBJECTIVES UNDER WHICH THE MISSION IS EXPECTED TO FUNCTION. WHILE INDIVIDUAL PIR STATEMENTS WILL CONTINUE TO FOCUS ON MISSION PROJECTS, IT IS NOW REQUESTED THAT PIR OVERVIEW STATEMENTS BE ORGANIZED AROUND THE ACTION PLAN AGENDA, WHERE AVAILABLE. MISSIONS LACKING SUCH A FRAMEWORK SHOULD REFER TO THE APPROPRIATE SUBSTITUTE DOCUMENT (COSS, CONCEPT PAPER OR SPSS). STRUCTURING OF THE OVERVIEW STATEMENT IN THIS MANNER WILL REGULARLY REMIND ALL MISSION AND A.I.D./W STAFF OF THE BROADER OBJECTIVES THAT MISSION PROJECTS AND PROGRAMS ARE ATTEMPTING TO ACHIEVE, WHILE SIMULTANEOUSLY PROVIDING REGULAR, ALBEIT IMPRESSIONISTIC, FEEDBACK ON THE STATUS OF ACTION PLAN PROGRESS. OVER TIME, WE HOPE THIS WILL MAKE IT EASIER FOR MISSIONS TO COMPLETE BI-ANNUAL ACTION PLAN UPDATES. IN REPORTING ACCOMPLISHMENTS, WE URGE MISSIONS ALSO TO MAKE NOTE OF SPECIAL INTEREST ACHIEVEMENTS, E.G., IN NATURAL RESOURCES, WOMEN IN DEVELOPMENT, AND CHILD

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SURVIVAL. WE WILL THEN ENSURE THAT THESE ACCOMPLISHMENTS ARE INCORPORATED INTO BUREAU'S BROADER REPORTING AND CONGRESSIONAL CONSULTATIONS. GIVEN THE PERSPECTIVE OF CONTINUING AGENCY BUDGET DIFFICULTIES, MISSIONS ARE ENCOURAGED TO UNDERTAKE APPROPRIATE FINANCIAL ANALYSES (ESP. PIPELINE ANALYSIS) AS PART OF THE PROJECT REVIEW EXERCISE.

IT IS SUGGESTED THAT MISSION PIR REVIEW BE ORGANIZED AROUND ACTION PLAN ELEMENTS AS A MEANS OF FURTHERING PROJECT-PROGRAM COHERENCY AND SO AS TO SIMPLIFY OVERVIEW REPORTING TO WASHINGTON. THIS WILL ALSO SIMPLIFY THE ORGANIZATION OF PROJECT COMMITTEE REVIEWS IN AID/W AND SUBSEQUENT PIR REPORTING CABLES TO THE FIELD, WHICH WILL BE STRUCTURED IN A SIMILAR MANNER.

B. PROPOSED FORMAT FOR INDIVIDUAL ACTIVITIES - THE FOLLOWING FORMAT HAS BEEN SIMPLIFIED TO ELICIT ONLY THAT INFORMATION WHICH AFR BUREAU CONSIDERS ESSENTIAL FOR ITS BACKSTOPPING ROLE. THIS INFORMATION IS THE MINIMUM NOW REQUIRED IN PIRS, ALTHOUGH MISSIONS ARE GIVEN THE OPTION OF PROVIDING INFORMATION BEYOND THIS MINIMUM CORE. IF USEFUL, A SLIGHTLY MODIFIED FORMAT MAY BE USED TO REPORT ON SPECIAL TYPES OF ASSISTANCE, SUCH AS NPA AND FOOD AID. THE KEY FOR NPA AND FOOD AID WILL BE TO REPORT ON PROGRESS IN MEETING POLICY AND SELF-HELP OBJECTIVES, AS WELL AS ON DELIVERY OF INPUT.

I. ADMINISTRATIVE INFORMATION

- COUNTRY
- PROJECT TITLE
- PROJECT NUMBER
- DATE OF REPORT
- IMPLEMENTING AGENCY
- MAJOR CONTRACTORS/AMOUNTS
- FIELD BACKSTOP OFFICER
- A. I. D. BACKSTOP OFFICER
- DATE OF LAST EVALUATION AND/OR AUDIT
- DATE OF NEXT EVALUATION AND/OR AUDIT
- WAIVERS PROCESSED DURING THE REPORTING PERIOD (SEE REF C)

II. FINANCIAL DATA (DOLS \$\$\$)

- DATE OF AUTHORIZATION
- AUTHORIZED LOP
- DATE OF INITIAL OBLIGATION
- PACO (ORIGINAL AND REVISED)
- CUMULATIVE OBLIGATION
- CUMULATIVE ACCRUED EXPENDITURES
- CUMULATIVE COMMITMENTS
- EST. COST OF INDIVIDUAL INPUTS (LIST KEY CATEGORIES OF PROJECT INPUTS FROM LOGFRAME OR BUDGET ELEMENTS FROM NACS AND NOTE PROJECTED COST)

III. PERFORMANCE INFORMATION

A. PROJECT PURPOSE -- (STATEMENT OF PURPOSE FROM PROJECT PAPER OR PAAD).

B. PROGRESS TOWARD MEETING EOPS -- (FOR NEW PROJECTS, THIS SECTION MAY BE LEFT BLANK. HOWEVER, ONCE A PROJECT IS AT LEAST 3 YEARS OLD AND/OR ITS FIRST EVALUATION IS COMPLETED, WE REQUEST AT LEAST IMPRESSIONISTIC REPORTING ON PROGRESS IN ACHIEVING PROJECT PURPOSE; AND TO EXTENT POSSIBLE, ANY SIGNIFICANT FINDINGS FROM DATA COLLECTIONS/IMPACT STUDIES FUNDED UNDER PROJECT).

C. PROJECT OUTPUTS (LEFT-HAND COLUMN TO LIST MAJOR

LOGFRAME OUTPUT TARGETS AND RIGHT-HAND COLUMN TO DIRECTLY TRACK OUTPUT STATUS, INCLUDING ROUGH PERCENTAGE QUANTIFICATION OF PROGRESS TOWARD COMPLETION).

D. IMPORTANT ISSUES/PROBLEMS -- (IMPLEMENTATION OR POLICY ISSUES REQUIRING MISSION MANAGEMENT DECISION, MAJOR OUTSTANDING EVALUATION OR AUDIT RECOMMENDATIONS, AS WELL AS ACTIONS TAKEN DURING REPORTING PERIOD OR RECOMMENDATIONS).

E. IMPORTANT ACTIONS OVER NEXT SIX MONTHS, TIMEFRAME AND ACTION AGENT.

4. INSTRUCTIONS ON THE UPCOMING PIR CYCLE: PIRS REFLECTING PROJECT IMPLEMENTATION PERFORMANCE OVER THE PERIOD 10/01/87 - 03/31/88 SHOULD BE RECEIVED IN AFR/PQ/IPS BY 04/20/88 IN ORDER TO PERMIT MISSIONS AND AID/W TO REVIEW THEM PRIOR TO THE JUNE SERIES OF ABS REVIEWS. IN FUTURE, WE WILL TRY TO MOVE BACK SPRING SUBMISSIONS TO MAY 1, BUT URGE APRIL 20 SUBMISSION THIS YEAR IN ORDER TO ENSURE COMPLETION OF PIR REVIEWS BEFORE ABS'S.

MISSIONS ARE REQUESTED TO UTILIZE THE PROTOTYPE PIR FORMAT NOTED IN PARA THREE ABOVE. BECAUSE OF THE SHORTENED TIMEFRAME OF THIS PIR CYCLE, EXCEPTIONS WILL BE ALLOWED FOR INDIVIDUAL PROJECT REPORTING (PARA 3.B.), ALTHOUGH ALL MISSIONS WILL BE EXPECTED TO HAVE MOVED TO THE NEW FORMAT FOR PIR SUBMISSIONS DUE 11/1/88.

5. PLEASE CONSULT WITH YOUR RESPECTIVE PD BACKSTOP OFFICER ON ANY QUESTIONS WHICH MAY ARISE OVER UPCOMING PIR SUBMISSION. SHULTZ

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May 5, 1987

MEMORANDUM

TO: See Distribution
FROM: AFR/PD, Carol Peasley
SUBJECT: Processing of PIR's

Missions have been instructed to submit their semi-annual PIR's to PD/IPS. Upon receipt in AID/W it requested that we all adhere to the following procedure:

- (1) PD/IPS immediately make and retain two copies of the PIR (one for microfiche and one for its PIR hardcopy file). PD/IPS will then forward the original PIR to the relevant division chief in as timely a manner as possible and not to exceed two days.
- (2) The division chief will draw up an appropriate agenda for the PIR review, including timeframe and meeting location, and will distribute the agenda and copies of the PIR according to the attached sample format and distribution list.

Attachment: a/s

Distribution:

AFR/SWA: JGraham
AFR/PD/CCWAP: JHradsky
AFR/PD/EAP: TLoftgren
AFR/PD/SWAP: BBurnett
AFR/PD/SA: WStickel
AFR/PD/IPS: GCampbell

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SERP-01 AFTR-05 FVN-01 SECS-02 ARAD-01 STN-01 PPR-01
AAPF-01 PCPR-01 PPR-02 CC-01 GCAF-01 CC-01 PPR-01
STHE-03 STN-03 PPR-01 STN-02 SAST-01 FFP-03 POP-04
NMS-09 PVC-02 AAID-01 STFA-01 CME-02 RELO-01 PRE-05
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DRAFTED BY: AID/AFR/PD/CCWAP:LBROWN:4314R:LB

APPROVED BY: AID/AFR/PD:CPEAGLE1

AID/AFR/PD/CCWAP:JHRADON1 (DRAFT) AID/AFR/CCWA:DBERNIUS (DRAFT)

AID/AFR/DP/PAB:DUILLSON1 (DRAFT) AID/AFR/TR/ARD:AROSAN (DRAFT)

AID/AFR/DP/PAR:SUPOSATO (DRAFT) AID/AFR/ENG:LODUNGE (DRAFT)

FFP/AFR:LHESERV (DRAFT) AID/AFR/TR/HPM:HALRUIZ (DRAFT)

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TO AMEMBASSY KINSHASA
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E.O. 12356: N/A

SUBJECT: ZAIRE PIR REVIEW

REF: STATE 027824

1. AID/W REVIEW OF ZAIRE PIR SUBMISSION FOR PERIOD SEPTEMBER-MARCH 1988 WAS HELD MAY 25, 26 AND 27. AS IN LAST PIR REVIEW WAS ORGANIZED IN SEPARATE SESSIONS IN ORDER TO BETTER TRACK COMPONENTS OF THE ACTION PLAN. PROJECT COMMITTEE WAS CHAIRED BY AFR/PD/CCWAP AND INCLUDED PARTICIPANTS FROM AFR/CCWA, AFR/DP/PAB, AFR/DP/PAB, AFR/TR/ENG, AFR/TR/ARD, AFR/TR/HPM, FFP/AFR AND MISSION REPRESENTATIVE, RHONDA SMITH. UNLESS OTHERWISE NOTED, MISSION SHOULD RESPOND TO REQUESTS AND/OR COMMENTS IN NEXT PIR SUBMISSION (DUE IN AID/W SEPTEMBER 15, 1988).

2. GENERAL COMMENTS.

A. PORTFOLIO PROGRESS. AS PC MEMBERS HAVE REMAINED VIRTUALLY THE SAME SINCE SUBSTANTIVE REVIEW OF PIRS BEGAN, PC NOTED SIGNIFICANT IMPLEMENTATION PROGRESS OVER PAST TWO YEARS. PIR REVIEWS HAVE HELPED HEIGHTEN AID/W AWARENESS OF MISSION PORTFOLIO AND INCREASINGLY VIEWS

PIR REVIEW OF IMPLEMENTATION PERFORMANCE AS KEY ELEMENT IN BROADER REVIEW OF PROGRESS IN ATTAINING ACTION PLAN OBJECTIVES.

B. QUALITY OF SUBMISSION. PC NOTED MARKED IMPROVEMENT IN SUBSTANTIVE REPORTING FOR WHAT WAS ALREADY CONSIDERED TO BE QUALITY REPORTING FROM ZAIRE MISSION. PC APPRECIATES MISSION'S FORTHRIGHTNESS IN REPORTING AND NOTES ITS UTILITY IN PROVIDING PC WITH INSIGHT INTO DIFFICULTIES ENCOUNTERED IN WORKING IN ZAIRE. USE OF OUTPUT TABLE WITH PERCENTAGE COMPLETED FELT TO BE EXTREMELY HELPFUL IN DETERMINING OVERALL PROJECT STATUS.

SEVERAL COPIES OF AID/W PACKAGED PIRS POUCHED TO MISSION ON 5/31/88. PACKAGE REPRESENTS MORE THAN TWO HUNDRED PAGES AND REQUIRES MAJOR PC PREPARATION TO GO THROUGH,

EVEN IN THREE SESSIONS. PC RECOGNIZES THAT MISSION USES PIR DETAIL AS PART OF MISSION INTERNAL MANAGEMENT PROCESS, BUT WONDERS WHETHER FORMAL REPORTING LENGTH COULD BE REDUCED. ONE SUGGESTION IS TO DELETE ITEM 24 WHICH COMPARES SCHEDULED AND MAJOR IMPLEMENTATION ACTIONS SINCE ANY REPEAT OF AN ACTIVITY IN ITEM 25, MAJOR ACTIONS PLANNED, WOULD INDICATE ACTIVITY HAD NOT BEEN ACHIEVED AND WAS DELAYED.

C. PROJECT-PROGRAM LINKAGE: PC APPRECIATED FORMAT OF OVERALL SUMMARY AND CONGRATULATES MISSION ON OVERALL QUALITY OF PIR CONTENT. ZAIRE MISSION VIEWED AS FORERUNNER WITHIN AFR BUREAU IN DEMONSTRATING PROJECT-PROGRAM LINKAGE.

PC WOULD, NEVERTHELESS, APPRECIATE FUTURE OVERVIEW STATEMENTS ATTEMPT TO BETTER DESCRIBE THE ESTIMATED PROSPECT TO DATE IN ATTAINING PREDETERMINED STRATEGIC OBJECTIVES. FOR EXAMPLE AND AS NOTED BELOW, PROGRAM ASSISTANCE AND MACROECONOMIC POLICY REFORM SECTION COULD MORE FULLY DESCRIBE HOW MISSION CONTINUES TO REMAIN COMMITTED TO WORLD BANK/IMF STRUCTURAL REFORM PROGRAM BY DISCUSSING CONDITIONALITY ACTIVITIES SUPPORTED IN AEP RP AND FUTURE POSP PROJECT AS WELL AS DISCUSS STATUS OF PERFORM INITIATIVES. BETTER COHESION BETWEEN CHILD SURVIVAL STRATEGY WOULD ALSO SEEM APPROPRIATE.

TYING STRATEGY TO SECTOR IMPLEMENTATION STATUS FOR CITED EXAMPLES AND OTHER PORTFOLIO SECTORS CONSIDERED OF INCREASING IMPORTANCE IN AID/W ESPECIALLY IN VIEW OF CONGRESSIONAL MANDATE TO EVALUATE PROGRAM IMPACT.

D. MISSION REPRESENTATION. PC FOUND RHONDA SMITH'S

PARTICIPATION AT HEALTH PORTFOLIO REVIEW VERY HELPFUL AND APPRECIATED HER INSIGHTFUL EXPLANATIONS. IF ANY MISSION REPRESENTATIVES ANTICIPATE BEING IN AID/W AROUND THE TIME OF FUTURE PIR REVIEWS, PC WOULD GLADLY SCHEDULE REVIEWS TO ACCOMMODATE THEIR PARTICIPATION.

3. FIRST COMPONENT OF ACTION PLAN: STRUCTURAL REFORM.

A. SECTOR SUMMARY. IN KEEPING WITH COMMENTS OFFERED IN PARA. 2C., STATUS OF REFORM PROJECTS NOT READILY EVIDENT. IN SEVERAL INSTANCES PIRS REFERRED TO OUTCOME OF RECENT EVALUATION AS BEING FAVORABLE, BUT LACKED USEFUL SPECIFICITY IN DESCRIBING IMPACT.

B. AGRICULTURAL INPUTS SUPPORT I AND II (660-0100, 0103): PC NOTED IMPENDING REOB/DEOB ACTION INTO AEP RP AND WONDERED WHY FUNDS HAD NOT BEEN FULLY DISBURSED UNDER THESE TWO PROJECTS. CONSIDERING CURRENT UNCERTAINTY WITH REOB DELEGATION, IT IS SUGGESTED THAT MISSION EXPLORE EXPENDING FUNDS UNDER THESE TWO PROJECTS RATHER THAN ANY ATTEMPT AT REOBING INTO AEP RP.

C. AEP RP (660-0121): AS IN REFTL (A), PC AGAIN RAISED CONCERN WITH SLOW DISBURSEMENT AND WOULD APPRECIATE EXPLANATION SEPTEL. PC ALSO NOTED CONCERN WITH ADHERENCE TO FUEL PRICE COVENANT AND QUESTIONED WHAT REMEDY MISSION AND WORLD BANK IS SEEKING TO CONFIRM ADHERENCE, ESPECIALLY IN LIGHT OF POTENTIAL NEGATIVE DOWNSTREAM EFFECT, AS SEEN IN IMPLEMENTATION OF INFRASTRUCTURE PROJECTS. THE LACK OF PURPOSE LEVEL OUTPUT IN THESE PROJECTS WAS MORE CLEARLY A PROBLEM THAN IN OTHER REVIEWS. IN SUBSEQUENT REVIEWS WHERE PURPOSE LEVEL DATA WAS LACKING, SPECIFIC REFERENCE WAS AT LEAST MADE TO FUTURE TRACKING EFFORTS.

D. PL 480. PC FOUND PIR VERY USEFUL AND FVA/AFR WILL

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FOLLOW SEPTTEL CONCERNING SUGGESTED REMEDIES TO NOTED PROBLEMS AS WELL AS DISCUSSION ABOUT COMMODITY SELECTION, POTENTIAL FOR DISINCENTIVES AND APPROPRIATENESS OF COMMODITIES.

RESOURCES REQUESTED IN LIGHT OF REDUCED EDPS.

4. SECOND COMPONENT OF ACTION PLAN: RAISING AGRICULTURAL PRODUCTIVITY.

A. SECTOR SUMMARY. REPORTS FOR THIS SECTOR WERE CONSIDERED TO BE GENERALLY EXCELLENT. LACK OF REPORTING ON STATUS IN MEETING PURPOSE AND GOAL FOR PROJECTS 660-0119 AND 650-0102 RECOGNIZED AS DUE TO RECENT PROJECT START-UPS. MISSION ENCOURAGED TO BEGIN

DEVELOPING BASELINE DATA NOW IN ORDER TO REPORT ON ASSESSMENT OF IMPACT AT PURPOSE (AND GOAL) LEVEL LATER.

B. CENTRAL SHABA (660-0105): PC ENCOURAGED BY MARKETING STUDIES MENTIONED IN PIR PARA. 2264 AND BY MISSION INTENT TO FURTHER DEVELOP KEY MARKETING ANALYSIS IN PROJECT. NEXT PIR SHOULD RESPOND TO SEPTTEL PARA 4C CONCERNING UPDATE ON SECTION III OF ROADS COMPONENT.

C. AG POLICY AND PLANNING (660-0119): AID/W WOULD APPRECIATION RECEIPT OF CPF AUDIT WHEN COMPLETED.

5. THIRD COMPONENT OF ACTION PLAN: IMPROVE ACCESS OF SMALL FARMERS TO MARKETS.

A. SECTOR SUMMARY. PC NOTED PROBLEMS ENCOUNTERED IN IMPLEMENTING ROAD PROJECTS DUE TO DR'S LACK OF FUNDS. AS THIS FUND DEFICIENCY HAS WORSENERED SINCE THE LAST PIR SUBMISSION, PC SUGGESTS MISSION CONSIDER ADVISING GOZ THAT IT WILL CALL A HIATUS ON NON-ESSENTIAL ROADS UNTIL GOZ HAS INSTITUTED FUEL RATE INCREASES AS AGREED AND HAS TRANSFERRED FUNDS TO DR. PC SUGGESTS THAT MISSION PRIORITIZE ROAD ACTIVITIES. MAJOR FACTOR IN SETTING PRIORITY CRITERIA WOULD BE GOING FORWARD ONLY WITH THOSE ROAD ACTIVITIES THAT IF HALTED COULD NEGATIVELY IMPACT ON OTHER PROJECTS OR PROJECT COMPONENTS; I.E., POTENTIAL DELAY NOTED IN CENTRAL SHABA PIR. WHATEVER APPROACH UTILIZED, MISSION IS REQUESTED TO DESCRIBE HOW PROBLEM IS BEING ADDRESSED IN NEXT PIR.

CONSIDERING THE NOTED PROBLEMS, MISSION IS AGAIN URGED TO RETHINK ITS STRATEGIC APPROACH TO INFRASTRUCTURE DEVELOPMENT, INCLUDING A POSSIBLE TRANSPORT SECTOR ASSESSMENT SO AS TO RE-EXAMINE THE COHERENCY AND APPROPRIATENESS OF CURRENT MISSION INVESTMENTS IN THIS SECTOR.

B. AGRICULTURAL MARKETING DEVELOPMENT I, II, AND III (660-0026, -0028, -0098): PC ENCOURAGED TO NOTE BASELINE DATA GATHERING HAS BEGUN AND URGES MISSION TO TIE DATA TO MEASUREMENT OF EFFECT ON PROJECT PURPOSE. PIR REFERRED SEVERAL TIMES TO ORGANIZING LOCAL GROUPS FOR MAINTAINING ROADS. PC WOULD APPRECIATE FURTHER EXPLANATION OF PROGRESS MADE IN THIS ARENA.

PC CONCERNED WITH TECHNICAL SOLUTION PROPOSED FOR 660-0028 BECAUSE OF GREATER COST INVOLVED AND SUBSEQUENT IMPACT ON PROJECT ECONOMIC FEASIBILITY. MISSION REQUESTED TO PROVIDE FEEDBACK SEPTTEL ON: A) UPDATED

COST ESTIMATE; B) SOURCE OF ADDITIONAL FUNDING; AND, C) ANTICIPATED IMPACT ON FEASIBILITY ANALYSIS.

C. SHABA REFUGEE ROADS (660-0115): MISSION AWARE OF CURRENT CONGRESSIONAL CONCERNS WITH SUBJECT PROJECT. PC UNDERSTANDS DIRECTOR CHANDLER WILL DEFEND ADDITIONAL

6. FOURTH COMPONENT OF ACTION PLAN: CHILD SURVIVAL STRATEGY.

A. SECTOR SUMMARY. PC FOUND HEALTH PIERS VERY GOOD IN RELATING PROJECT STATUS TO PURPOSE-GOAL LEVEL AND CONGRATULATES HEALTH DIVISION FOR SUBSTANTIVE IMPROVEMENT IN REPORTING. MISSION IS ENCOURAGED TO REVISE ITS AIDC STRATEGY TO REFLECT THE CONSTANT CHANGING ENVIRONMENT, IDENTIFY NO MISSION ACTIVITIES, PROJECTS WHICH WILL ADDRESS OR HAVE AIDC COMPONENTS AND RELATE MEASURES BEING TAKEN TO INCORPORATE AIDC FOCUS IN OTHER SECTORAL ACTIVITIES. MISSION IS ENCOURAGED IN FUTURE PIR OVERVIEW STATEMENTS TO EXPAND UPON AIDC STRATEGY EXPECTATIONS.

AID/W ENCOURAGES MISSION TO CONTINUE DEVELOPMENT OF IMPACT STUDIES STRATIFIED ACCORDING TO REGIONAL ZONES. MISSION MAY WISH TO CONSIDER REQUESTING SERVICES OF ECONOMIST STEVE SPOSATO FROM AFR/DP/PAR TO ASSIST IN THESE STUDIES OR A HEALTH ECONOMIST.

B. SCHOOL FOR PUBLIC HEALTH (660-0101): AFR/TR/HPM CONGRATULATES MISSION FOR COMPLETION OF NEW BUILDING AND WORK BEING ACCOMPLISHED UNDER PROJECT.

C. FAMILY PLANNING SERVICES, (660-0094): MODIFIED PROJECT OUTPUTS SHOULD BE IN NEXT PIR SUBMISSION TO HIGHLIGHT PROGRESS BEING MADE IN PRIVATE SECTOR AS IT MAY PROVIDE REAL LESSONS LEARNED FOR THE REST OF BUREAU.

D. SHABA REFUGEE HEALTH, (660-0114): MISSION ENCOURAGED TO CONTINUE SEARCH FOR MONITORING SOCIO-ECONOMIC IMPACT OF THREE REFUGEE PROJECTS. ECONOMIST SPOSATO WILL FOLLOW SEPTTEL WITH LIST OF NAMES OF FIRMS THAT HAVE CAPABILITY.

E. COMBATTING CHILDHOOD COMMUNICABLE DISEASES, (660-0421): PIR CONSIDERED WELL-ARTICULATED PRESENTATION OF PROJECT STATUS. MISSION MAY WISH TO CONSIDER EXTENDING PACD BY ONE YEAR SO AS TO ALIGN WITH ANTICIPATED 1991 START OF UMBRELLA PHASE II. WITH

REFERENCE TO LACK OF SUPERVISION NOTED IN PIR PARA. 24, PC BELIEVES THAT FIELD SUPERVISION VITAL AND SHOULD NOT BE OMITTED.

F. KIMBANGUIST HOSPITAL, (660-0122): PC NOTED THAT SUSTAINABILITY REMAINS KEY ISSUE FOR SUBJECT PROJECT AND ALSO NOTED THAT REACH PROJECT UNABLE TO ACCEPT ANY MORE ACTIVITIES. AFR/TR/HPM CURRENTLY LOOKING AT OTHER RESOURCES TO ADDRESS SUSTAINABILITY ISSUE.

G. AREA NUTRITION IMPROVEMENT, (660-0079): REQUEST NEXT PIR SHOULD BRIEFLY DESCRIBE MARKETING AND SALES PLANS NOW THAT EXTRUDER HAS ARRIVED AS WELL AS PROVIDE SOME FINANCIAL BACKGROUND AS TO PRODUCTION AND DISTRIBUTION. ARMAGOST

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON DC 20523

April 26, 1988

MEMORANDUM

TO: AFR/PD/EAP, Joel Schlesinger
AFR/PD/CCWAP, James Hradsky
AFR/PD/SWAP, Barry Burnett
AFR/PD/SAP, Paul Thorn

FROM: AFR/PD, Carol Peasley *Carol*

SUBJECT: PIR Reviews and Special Interest Reporting

The Bureau frequently needs to report on accomplishments in areas of special interest to the Congress or other outside interests. The PIR's provide an excellent opportunity to identify specific examples of such accomplishments -- e.g., the planting of 650,000 trees over 1,500 hectares in Cape Verde which was reported in the last set of PIR's and which was used by AFR/DP in the Bureau's overview statement for the Congressional Presentation. These kinds of examples will also be useful during the Bureau's periodic consultations with the Hill -- we need to be able to talk about some concrete accomplishments.

We should make better use of the PIR's to record such accomplishments and to bring them to the attention of Bureau leadership. AFR/TR is obviously tasked with this responsibility for the Bureau, but I believe that we can facilitate the process through our leadership role in PIR reviews. Therefore, as you do your PIR reviews and come across significant accomplishments, please note them down and at the end of the process collate them into brief bulletized memos to the following persons:

Natural Resources	Abdul Wahab, AFR/TR/ARD
Child Survival	Jim Shepperd, AFR/TR/HPN
Population	Jack Thomas, AFR/TR/HPN
Ag Research/Production	Calvin Martin, AFR/TR
Education	Norman Rifkin, AFR/TR/EHR
WID	Gloria Steele, AFR/TR/ARD
Policy Reform	Jerry Wolgin, AFR/DP/PAR

Also, please send copies of your memos to Jim Govan, AFR/DP, Brian Kline, AFR/TR, and me.

I hope this can be a relatively simple task which doesn't add significantly to anyone's workload. Rather, in the long-run it could reduce the need to scramble for examples as urgent requests for information are made.

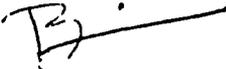
Thanks.

cc: AFR/TR, Brian Kline
AFR/DP, Jim Govan
AFR/DP, Jerry Wolgin
AFR/PD, Jim Graham

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON DC 20523

MAY 5 1966

MEMORANDUM

TO: AFR/PD, Ms. Carol Peasley
FROM: AFR/TR, Brian Kline 
SUBJECT: PIR Reviews and Special Interest Reporting

Thank you for the efforts outlined in your April 26 memorandum to scour the PIRs for useful examples of success and accomplishments. To your list of AFR/TR distribution could you also add:

Ag Research/Production
Rural Incomes

Norm Sheldon, AFR/TR/ARD/FS
(along with Cal Martin)
Thomas Hobgood, AFR/TR/ARD/PA

AGY 01 STATE 294958 0382 034560 AID6771
 ORIGIN AID-00

ORIGIN OFFICE AFPD-24
 INFO AAAF-02 AFCD-02 AFPA-03 AFSA-03 AFFW-04 APCW-03 AFDP-06
 AFTR-05 AMAD-01 AFDA-02 RELO-21 /036 A0

INFO LOG-00 COPY-01 AF-00 EB-08 /009 R

DRAFTED BY:AID/AFR/PE:CPEASLEY:PMD:1756E
 APPROVED BY:AID/AA/AFR:MLEDELMAN
 AID/AFR/DP:JWOLGIN(DRAFT) AID/AFR/DP:JPATTERSON(DRAFT)
 AID/AFR/SWA:EAMUNDSON(DRAFT) AID/AFR/CCWA:JCOLES(DRAFT)
 AID/AFR/EA:BKLINE(DRAFT) AID/AFR/SA:RCARLSON(DRAFT)
 -----060015 190856Z /10 3E

R 190250Z SEP 86
 FM SECSTATE WASHDC
 TO AMEMBASSY KIGALI
 AMEMBASSY FAKAO
 AMEMBASSY NAIROBI
 AMEMBASSY ABIDJAN
 AMEMBASSY LUSAKA
 AMEMBASSY LILONGWE
 AMEMBASSY CONAKRY
 AMEMBASSY DAKAR
 AMEMBASSY LOME
 AMEMBASSY KINSHASA
 AMEMBASSY PORT LOUIS
 INFO AMEMBASSY MBABANE

UNCLAS STATE 294958

AIDAC, NAIROBI FOR REDSO/ESA, ABIDJAN FOR REDSO/WCA

E.O. 12356: N/A

TAGS:

SUBJECT: SPECIAL REPORTING REQUIREMENTS FOR AFRICAN
 ECONOMIC POLICY REFORM PROGRAMS (AEPRP)

MEAFANE FOR REGIONAL ECONOMIST

1. GIVEN IMPORTANCE OF POLICY REFORM EFFORTS TO AID'S
 STRATEGIC OBJECTIVES IN AFRICA, WE NEED TO ENSURE THAT
 THERE IS FULL AND OPEN COMMUNICATION BETWEEN WASHINGTON
 AND THE FIELD ON PROGRESS UNDER AEPRP PROGRAMS. AS FIRST
 STEP, REPRESENTATIVES FROM AFR/PD, AFR/DP, AFR/TR, AND

GEOGRAPHIC OFFICES RECENTLY HELD IMPLEMENTATION REVIEWS OF ALL FY 85 AEPRP PROGRAMS. REVIEWS WERE BASED ON INFORMATION AT HAND IN AID/W, INCLUDING MARCH 31 PIRS, RECENT CABLES, AND WORD-OF-MOUTH UPDATES. UNFORTUNATELY, IN SOME CASES, THE INFORMATION AT HAND WAS INSUFFICIENT TO ASSESS AND ADVISE AA/AFR OF PROGRESS MADE. THEREFORE, REQUEST THAT MISSIONS, BEGINNING WITH PIRS COVERING PERIOD THROUGH SEPT. 30, 1986, SUBMIT QUARTERLY REPEAT QUARTERLY PIRS ON ALL AEPRP PROGRAMS (FY 85 AND FY 86). AS WITH REGULAR PIRS, THESE REPORTS SHOULD BE RECEIVED IN WASHINGTON WITHIN SIX WEEKS OF END OF REPORTING PERIOD. THEY CAN BE IN HARD COPY OR CABLE FORM AS LONG AS SUBMITTED WITHIN SIX WEEKS OF END OF REPORTING PERIOD.

2. REPORTS SHOULD FOLLOW SPECIALIZED FORMAT, FOCUSING ON TWO MAJOR CONCERNS:

A. PROGRESS AND ACCOMPLISHMENTS TO DATE -- BE SURE TO DIFFERENTIATE CLEARLY REGARDING PROGRESS IN (1) POLICY OBJECTIVES; (2) FOREIGN EXCHANGE DISPURSEMENTS; (3) LOCAL CURRENCY USES; AND (4) TECHNICAL ASSISTANCE. PLEASE PROVIDE SPECIFIC INFORMATION ON COMPLIANCE WITH CONDITIONS PRECEDENT AND COVENANTS.

B. IMPLEMENTATION DELAYS AND ISSUES -- BESIDES ALERTING AID/W TO POTENTIAL PROBLEMS, THIS SECTION WILL HELP BUREAU BETTER UNDERSTAND IMPLEMENTATION OF POLICY REFORM PROGRAMS IN GENERAL AND FACILITATE SYNTHESIS OF QUOTE LESSONS LEARNED UNQUOTE FOR USE BY OTHERS WITHIN BUREAU. CORRECTIVE STEPS SHOULD ALSO BE SPECIFIED, INCLUDING REQUESTS FOR AID/W AND/OR FEDSO ASSISTANCE IF DESIRED.

3. FOLLOWING RECEIPT OF REPORTS, BUREAU WILL CONDUCT INTERNAL REVIEWS. SUMMARY REPORTS, HIGHLIGHTING PROGRESS IN AEPRPS WILL BE PREPARED FOR AA/AFR. ALSO, THE BUREAU WILL ATTEMPT TO DISSEMINATE INFORMATION ON PROGRESS AND LESSONS LEARNED TO OTHER FIELD MISSIONS. BY LEARNING FROM OUR COMBINED EXPERIENCES WITH POLICY REFORM PROGRAMS, WE WILL BE BETTER ABLE TO DESIGN AND IMPLEMENT FUTURE PROGRAMS. SHULTZ

MEMORANDUM

December 12, 1986

TO: SER/OP, Mr. Stephen Dean

FROM: AFR/PD/SWAP, James Bradsky

SUBJECT: Request for Issurance of Work Order and Justification and Approval for use of External Resources for Consulting Services

A. REQUEST

1. I recommend that you negotiate a Work Order under our Indefinite Quantity Contract (IQC) with Development Alternatives (DAI) for the services in the attached PIO/T No. 625-0929-3-7611603.
2. This is an AID/W funded PIO/T. The project manager who will administratively approve contractor voucher requests for payment is James Bradsky.
3. The required services should start on/about December 12, 1986.
4. Informal contacts indicate that the contractor will propose the following individuals:

Martin Billing, Agricultural Economist,

Anthony Hall, Agro-meteorologist,
5. The person in this office to be contacted concerning this request is James Bradsky, tel. 647-6331.

B. REQUIRING OFFICER CERTIFICATIONS

I certify that to the best of my knowledge:

1. The required work is not a fragmentation of a known long-term requirement for the services of the recommended contractor.
2. No AID employee or other individuals (experts, consultants, or personal services contractors) are available on a timely basis which can properly be used to perform the required work. Documentation supporting this certification is available in the requiring office files.
3. No AID employee has suggested to the recommended contractor that the placement of an order is conditioned upon the contractor's utilization of an individual or individuals not initially located and identified by the contractor.

C. JUSTIFICATION AND APPROVAL FOR USE OF EXTERNAL SOURCES FOR CONSULTING SERVICES OR FOR THE PREPARATION OF STUDIES OR REPORTS

1. JUSTIFICATION

a. Need and Utilization

The requested services are required to complete the drafting of a PP for AID/W and USAID/Wisney for the Sahel water Data and Management III Project (625-0973). The cost of this effort is estimated to be \$4,900.

b. Review of Prior Work

The firm, EDI, has had extensive experience in undertaking technically related studies for AID projects in the Sahel and other West African countries.

c. In-House Capability

No AID employee or other individual resources, such as experts and consultants or personal service contractors are available on a timely basis, which can properly be used to perform this required work.

2. APPROVAL

I approve the requested work and the use of persons other than AID direct-hire employees in the performance of the work.

BY: _____

TYPED NAME: James A. Hradsky
TITLE: Chief, AFR/PD/SWAP
DATE: December 12, 1986

Drafted: AFR/PD/SWAP:JHradsky:af:12/12/86:3708M

Worksheet

O 1350-11 (79) O/T	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	1. Cooperating Country Sahel Regional	Page 1 of 5 Pages
		2. PIOT No. 625-0929-3-7611603	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
		4. Project/Activity No. and Title 625-0929 PM&R Sahel Water Data and Management III	

DISTRIBUTION	5. Appropriation Symbol 72-11X1012	6. Allotment Symbol and Charge GSHX-87-31625-KG14
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	8. Project Assistance Completion Date (Mo., Day, Yr.) 12/29/86
	9. Authorized Agent SER/OP	10. This PIOT is in full conformance with PFO/AJ N/A Date _____
	11a. Type of Action and Governing AID Handbook <input checked="" type="checkbox"/> AID Contract (MB 14) <input type="checkbox"/> PASA/RSSA (MB 12) <input type="checkbox"/> AID Grant (MB 13) <input type="checkbox"/> Other	

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)

Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
		B. U.S.-Owned Local Currency			\$4,900

13. Mission Reference

14a. Instructions to Authorized Agent
SER/OP is requested to negotiate a work order with Development Alternatives (DAI) under its IQC with AID for the attached technical services necessary to the completion of a Project Paper for the Sahel Water Data and Management III Project (625-0973). A detailed scope of work and illustrative budget are attached.

14b. Address of Voucher Paying Office
FM/PAFD **AFR/PD/SWAP:James Hradsky**

15. Clearances—include types name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate AFR/PD/SWAP:JHradsky	Phone No. 647-6331 Date 12/17/86	B. The statement of work lies within the purview of the initiating and approved agency programs <i>[Signature]</i> Date 12/11/86
C. <i>[Signature]</i> AFR/SWA:JProcopis	Date 12/12/86	D. Funds for the services requested are available AFR/SWA:JShampain FM/PAFD:GStoddard (PAA/PAK)

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to Date _____	17. For the Agency for International Development <i>[Signature]</i> Date 12/12/86 Signature Phyllis Dichter Title Director, AFR/SWA
---	---

1. PROJECT TITLE	2. PILOT No.	Page 2 of 5
Sahel Regional	625-0929-3-7611603	
3. PROJECT Activity No. and Title		
PM&R (625-0929) SWDMP III PP Design		

SCOPE OF WORK

THE SCOPE OF TECHNICAL SERVICES REQUIRED FOR THIS PROJECT ARE DESCRIBED IN ATTACHMENT NUMBER HERETO ENTITLED "STATEMENT OF WORK".

SPECIAL PROVISIONS

- A. LANGUAGE REQUIREMENTS (SPECIFY) _____
(IF MARKED, TESTING MUST BE ACCOMPLISHED BY AID TO ASSURE DESIRED LEVEL OF PROFICIENCY)
- B. ACCESS TO CLASSIFIED INFORMATION WILL WILL NOT BE REQUIRED BY TECHNICIAN(S).
- C. DUTY POST(S) AND DURATION OF TECHNICIANS' SERVICES AT POST(S) (MONTHS)
- D. DEPENDENTS WILL WILL NOT BE PERMITTED TO ACCOMPANY TECHNICIAN.
- E. WAIVER(S) HAVE BEEN APPROVED TO ALLOW THE PURCHASE OF THE FOLLOWING ITEM(S) (COPY OF APPROVED WAIVER IS ATTACHED)
- F. COOPERATING COUNTRY ACCEPTANCE OF THIS PROJECT (APPLICABLE TO AID/W PROJECTS ONLY)
 - HAS BEEN OBTAINED HAS NOT BEEN OBTAINED
 - IS NOT APPLICABLE TO SERVICES REQUIRED BY PILOT
- G. OTHER (SPECIFY)

BACKGROUND INFORMATION (ADDITIONAL INFORMATION USEFUL TO AUTHORIZED AGENT)

See Attachment A, Section A

SUMMARY OF ATTACHMENTS ACCOMPANY THE PILOT (INDICATE ATTACHMENT NUMBER IN BLANK)

- A DETAILED BUDGET IN SUPPORT OF INCREASED FUNDING (BLOCK 12)
- _____ EVALUATION CRITERIA FOR COMPETITIVE PROCUREMENT (BLOCK 14)
- _____ JUSTIFICATION FOR NON-COMPRTITIVE PROCUREMENT (BLOCK 14)
- A STATEMENT OF WORK (BLOCK 18)
- _____ WAIVER(S) (BLOCK 19) (SPECIFY NUMBER)

Worksheet

AID 1350-1X (1-78)	1. Cooperating Country Sahel Regional	2. PIQ/T No. 625-0929-3-7611603	Page 3 of 5 Pages
	4. Project/Activity No. and Title 625-0929 PM&R Sahel Water Data and Management III (625-0973) PP Design		

22. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities

The Contractor shall report to and be under the direction of Mr. James Hradsky, AFR/PD/SWAP while in Washington, D.C.

B. Cooperating Country Liaison Official

C. AID Liaison Officials

AFR/PD/SWAP, James Hradsky

LOGISTIC SUPPORT

23. Provisions for Logistic Support	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY	
A. Specific Items (Insert "X" in applicable column or right. If entry needs qualification, insert asterisk and explain below in C. "Comments")					
(1) Office Space	X				
(2) Office Equipment	X				
(3) Housing and Utilities					X
(4) Furniture					X
(5) Household Equipment (Stoves, Refrig., etc.)					X
(6) Transportation in Cooperating Country					X
(7) Transportation To and From Country					X
(8) Interpreter Services/Secretarial					X
(9) Medical Facilities					X
(10) Vehicles (official)					X
(11) Travel Arrangements/Tickets					X
(OTHER SPECIFY)					
(12)					
(13)					
(14)					
(15)					

B. Additional Facilities Available From Other Sources **N/A**

- APO/FPO
- PX
- COMMISSARY
- OTHER (Specify, e.g., duty free entry, tax exemption)

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ATTACHMENT A: SCOPE OF WORK

- A. General Objective: (same as original PIO/T No. 625-0929-3-0017025)
- B. Background:(same as original PIO/T)
- C. Description of Services

This amendment is necessitated by the substantive additional analysis and negotiation which was required of the Project Paper team and uncovered by it during its' extensive fieldwork. Specifically, this included:

- the need to consider major readjustment to Project computer systems, agriculture production objectives, and selected related institutional/economic issues;
- detailed operational discussions between USAID/Niamey and the AGRHYMET Regional Center absorbed an inordinate amount of the PP team's time in Niamey - selected sections of the PP could not be finalized until those discussions were complete.

The following additional services are therefore required under this contract:

1. Agricultural Economist

- a) Examine the impact of the recent AGRHYMET decision to reconsider the agriculture production objective as a part of the basic economic justification of the AGRHYMET system.
- b) Given the above and the new computer options generated by the PP team, recalculate the cost-benefit analysis. Integrate any recurrent cost in the analysis.

2. Agro-meteorologist

- a) Given the recent decision noted in paragraph 1 (a) above, rethink the need for agro-meteorological information in the AGRHYMET system and incorporate in the PP.

- b) Analyze the extent to which the anticipated reduction in UNDP contributions to the Mali, Burkina and Senegal programs may compromise the utility of the overall AGRHYMET Program.
- c) Re-assess the basic assumptions utilized in the PP on types and intensities of developmental impacts generated by the Project.

D. Period of Performance

(Same as in original PIO/T)

E. Illustrative Budget

1. Agricultural Economist		
Salary (5 x \$470).		\$2,350
2. Agro-meteorologist		
Salary (5 x \$500).		<u>2,500</u>
	Total	\$4,850
	Say	<u>4,900</u>

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

SUBJECT: Zaire -- Central Shaba Agricultural Development Project
(660-0105); Source/Origin Vehicle Waiver

FROM: Carol Peasley, ^{CP} AFR/PL

Problem: Your approval is required for a source/origin waiver from AID Geographic Code 000 (U.S. only) to Code 935 (Special Free World) to permit the purchase of 2 all-terrain pickups and 22 station wagons, 27 125cc motorbikes, and spare parts of non-U.S. manufacture.

- A. Cooperating Country: Zaire
- B. Nature of Funding: ESF Grant
- C. Nature of Project: Central Shaba Agricultural Development (660-0105)
- D. Description of Commodities: All-terrain 4X4 Vehicles, including: 22 - Diesel Station Wagons (18 for roads component, 4 for agricultural component)
2 - Diesel Pickups (for agricultural component)
27 - 125cc Motorbikes; spare parts for all units
- E. Approximate Value: \$660,000 FOB
All-terrain vehicles, roads component \$480,000;
agricultural component \$120,000; Motorbikes \$60,000
- F. Probable Source/Origin: Western Europe or Japan

Discussion: Section 636 (i) of the Foreign Assistance Act of 1961, requires that vehicles for development assistance projects be manufactured in the U.S. unless there are "special circumstances" justifying a waiver. One of the special circumstances listed in AID Handbook 1, Supp. B, chapter 4C2d(1)

is the inability of U.S. manufacturers to provide a particular type of necessary vehicle, or the lack of adequate repair facilities and spare parts for U.S. manufactured vehicles. Handbook 1, Supplement B, Chapter 5b4a sets forth an additional requirement that a change in the geographic code cannot be authorized unless one of 7 criteria for granting a waiver is met. One of these criteria is that the particular commodity required is unavailable.

All-terrain 4X4 diesel vehicles required for this project will be used throughout the Central Shaba region project area by the road component technical assistants, grain storage specialists, agricultural extension specialists, and the project management team. The motorbikes will be used by the expatriate and local extension agents.

Procurement specifications for the all-terrain vehicles and motorbikes require that experienced after-sales service and adequate supplies of spare parts be available in-country. Only Landrover and Toyota meet these specifications for all-terrain vehicles, with repair parts and service representatives in Lubumbashi. Various Japanese-manufactured 125 CC motorbikes are available with parts and after-sales service in Lubumbashi; there are no American-made counterparts available with required parts and services in the project area. Thus, special circumstances exist to waive the requirements of Section 636 (i) of the Foreign Assistance Act. In addition, a source/origin waiver from Code 000 to Code 935 is justified because an American vehicle that can be readily serviced in Zaire is not available.

A waiver for motorcycles may be necessary even though a General Blanket Waiver for 125cc motorbikes was authorized on March 7, 1986 by the A.I.D. Administrator (State cable 086441). Paragraph 2(C) of that cable limited that authorization to one year from the authorization date, which may expire before procurement is effected.

Recommendation: Based on the justification above, it is recommended that you sign below and thereby:

1. Determine that special circumstances exist to justify waiving the requirement to procure U.S. manufactured vehicles and spare parts under FAA section 636 (i);

2. Certify that exclusion of procurement of motor vehicles and spare parts from free world countries, other than the cooperating country and countries included in Aio Geographic Code 941, would seriously impede the attainment of U.S. foreign policy objectives of the Foreign Assistance Program; and

3. Waive the source/origin requirements set forth in Handbook 1, Supplement B, to permit the procurement of the above described pickups, station wagons, motorcycles, and spare parts from countries included in Geographic Code 935.

Approved: _____

AM

Disapproved: _____

Date: _____

Jan 22, 1987

Clearances:

M/SER/OP/OS/APR:SDean	<u>DRAFT</u>	Date: <u>01/13/87</u>
GC/APR:A Newton	<u>DRAFT</u>	Date: <u>01/02/87</u>
APR/DP:DWilson	<u>DRAFT</u>	Date: <u>01/05/87</u>
APR/CCWA:DBernius	<u>DRAFT</u>	Date: <u>01/03/87</u>
APR/PD/CCWA:EHelman	_____	Date: _____

DRAFTED: LBrown:APR/PD/CCHAP:647-9060:AFS:12/9/86:2799K

: APR 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM : AFR/PD, Carol Peasley ^{CP}
GC/AFR, Gary B. Bisson ^{GB}

SUBJECT: Establishing Special Procurement Policy Rules
Governing the Development Fund for Africa (DFA)

Problem: Your approval is required to establish certain procurement policy rules governing the DFA.

Discussion:

Pursuant to provisions under the appropriation heading "Sub-Saharan Africa, Development Assistance" contained in the FY 1988 Continuing Resolution:

"section 604(a) of the Foreign Assistance Act of 1961, and similar provisions of law, shall not apply with respect to the implementation of assistance activities consistent with the purposes of this heading".

The legislative history of the heading makes clear that "there must be authority to implement programs in Africa in a more flexible fashion" and that to this end "the conferees have provided flexibility in the procurement of goods and services with these funds."

The grant of "flexibility" referred to in the Conference Report on the DFA Authorization occurred because existing procedures for implementing AID's source, origin and nationality rules are felt to be causing undue delay and unnecessary paper work and are impeding project implementation in Africa. With respect to a similar provision in the proposed "International Security

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Development Cooperation Act of 1987," the House Foreign Affairs Committee Report stated that the provision would authorize:

"the procurement of goods and services outside the United States without reference to current complex waiver requirements in order to allow for effective and expeditious procurement."

Section 604(a) of the FAA restricts funds appropriated for purposes of the Act to procurement inside the United States with certain exceptions and is the basis for AID's complex source rules.

Notwithstanding the relief from Section 604(a) granted by the DFA Authorization, the Conference Report requires AID to submit along with its 653(a) Report, or as part of its annual congressional presentation, a report which addresses, in part,

"in light of the flexibility in the procurement of goods and services provided, the steps being taken to procure AID-financed commodities from the United States to the extent consistent with program objectives."

Similarly, the House Report on the companion provision stated that AID

"has provided the committee with written assurances that it will remain the policy of AID to maximize U.S procurement whenever practicable."

Thus we have a legislative waiver of the statutory basis for AID's source rules, but a legislative admonition to maximize U. S. procurement whenever practicable. To harmonize these directives a coherent and flexible DFA Procurement Policy needs to be developed.

DFA Procurement Policy Recommendations

The attached legal memorandum, dated March 28, 1988, addresses the legal principles under which AID may establish DFA procurement policies and procedures consistent with the legislative history of the DFA.

Based on these legal principles, M/AAA/SER, GC, SER/OP and SER/PPE, FM and AFR/PD have examined policy options and have

listed a series of procurement policy recommendations implementing the DFA waiver authorization. For example, although, AID has the option of eliminating or relaxing only a portion of a given regulation, such as dropping the componentry requirement from our source and origin rules, the group recommended that no new formulation of source, origin or nationality rules be devised to implement the DFA legislation which will make administration of the new authority easier. The group also recommended AID Geographic Code 935 (rather than Code 000 or Code 941) should be generally authorized for DFA-funded procurements. This is the major policy option presented by the DFA authorization, and if the Code 935 recommendation is approved, much procurement flexibility occurs - such as a dramatic change in our shelf item rules. Yet we believe that U.S. source requirements for certain categories of procurement should be retained - such as for pesticides under Regulation 16, or for pharmaceuticals under Handbook 1B Chapter 4C3. The implications of formally "untying" (to Code 935) procurement of technical assistance and training also needs to be carefully considered, and appropriate instructions on the use of such authority should be conveyed to the field. In approving these recommendations, however, it must be kept in mind that the object of "untying" is to ease the management burden in terms of repetitive documentation requirements without compromising the emphasis on procuring from the U.S. whenever such procurement is consistent with responsible, effective project implementation.

Two main categories of procurement Recommendations present themselves for decision:

- DFA Administrative Recommendations
- DFA Operational Recommendations

I. Administrative Recommendations

1. To begin with, the responsibility first to issue and then to implement DFA procurement policy and procedures must be established. The DFA is an Africa-specific program and the DFA waiver deals with the implementation of AID's source, origin, nationality and related rules to Africa Bureau activities overseas. Such implementation matters under existing Africa Bureau Delegation of Authority 55, as last amended on January 26, 1988, have been generally delegated to African Field Posts by AA/AFR in two categories: Schedule A Posts have full implementation authority. Schedule B Posts are required to obtain REDSO Director concurrence to exercise certain implementation authorities. It follows that AA/AFR, in consultation with GC, AFR/PD, M/SER/OP, M/AAA/SER and M/FM, may

establish procurement policies and procedures to implement the DFA authorization in a manner consistent with its legislative history and these recommendations have been prepared accordingly.

Administrative Recommendation No. 1

That upon approval of DFA procurement recommendations and an accompanying instructional memorandum by AA/AFR, in consultation with GC, AFR/PD, M/SER/OP, M/FM and M/AAA/SER, the authority to implement such recommendations be delegated to African Field Posts through an amendment to existing DOA 551.

2. The thrust of the legislative history of the DFA waiver is to provide maximum flexibility to AID in implementing the DFA authorization while still maintaining a high level of U.S.-based procurement of goods and services. To implement DOA 551 revisions caused by the DFA authorization, we recommend (1) that Missions must develop appropriate procurement plans in connection with their approved Project Papers, Program Assistance Authorization Documents, or other separately established documents, which insure a high level of U.S. source procurement consistent with the requirements of the approved DFA procurement recommendations and AA/AFR Instructional Memorandum, and (2) that AID/Washington must also develop a reporting system tracking all DFA-funded procurements by geographic source to show that we have in fact maximized U.S. purchases in connection with this new authority.

Administrative Recommendation No. 2

That the principal AID officers for African Field Posts establish procurement plans for their respective DFA-funded projects, programs or activities which will assure to the maximum practicable extent, purchases in the United States, as well as compliance with the Cargo Preference Act, for all FAA funded activities, including the DFA, and that the Africa Bureau, in consultation with M/SER/OP and M/FM develop a prototype system for tracking all DFA-funded procurements by source. Principal AID Officers of Schedule B Posts must first obtain REDSO Director concurrence for their procurement plans.

3. Under FAA section 604(a) and prior legislation, AID has established precise source, origin (including componentry) and nationality rules, buttressed by a series of authorized geographic codes to determine the appropriate source of AID-financed procurement of goods and services. While complex, such rules are generally understood by AID and host country officials. For ease in administration of the DFA legislation, no new formulation of source, origin and nationality rules need be devised.

As noted in the attached legal memorandum, the limitation on AID-financed procurement to Free World sources (AID Geographic Code 935), while a 604(a)-type restriction, is also based upon broader policy considerations. In the past, even when AID was granted open-ended authority as to procurement source, it chose nevertheless to limit such procurements to Code 935 sources. In implementing the first emergency appropriation for the Sahel drought in 1973/1974, the appropriation was made available without regard to any other law. In implementing that provision the then Acting Administrator for Africa approved the use of Code 935 for all procurements, but established an order of precedence as to use of that authority: (1) U.S. only (Code 000), (2) Cooperating Country, (3) Code 941 and (4) Code 935. (Under this system no written waivers were required to procure within any of the categories, but the files were to be documented with reasons and justifications for the use of other than Code 000). There appear to be strong policy reasons, as well as past precedent, for not extending DFA procurement source flexibility beyond Code 935.

Local Cost Financing Considerations if Code 935 is Authorized

(a) Shelf Items. Imported shelf items are items imported and kept in stock to meet a general demand for the item in the country in which imported. Under existing AID rules, a shelf item from Code 899 sources which costs the local currency equivalent of \$5,000 or less may be financed by AID, with a maximum ceiling per activity of \$250,000 for items imported from such sources.

If the authorized source for DFA procurements is Geographic Code 935, the Shelf Item Rule Dollar limitations for Code 899 acquisitions as discussed above no longer apply to DFA purchases.

(b) Fixed Amount Reimbursement (FAR)

FAR is a form of local cost financing of project assistance under which the amount of reimbursement is fixed in advance upon cost estimates reviewed and approved by AID. Reimbursement is based upon completion of quantifiable units within a project (outputs) rather than upon inputs or cost. Under FAR imported shelf items may not exceed 25% of the estimated total cost for the commodity element of the FAR activity unless a higher percentage is justified or approved at the Project Paper stage. If the authorized source of commodity procurement under the DFA is AID Geographic Code 935, the imported shelf item percentage limitation for the commodity element of FAR activities discussed above does not apply to DFA-funded purchases.

Administrative Recommendation No. 3

That the present formulation of source, origin and nationality rules, including established geographic codes, as set forth in Handbook 1B, Chapter 5, be retained for procurement of goods and services under the DFA, and that the authorized geographic code with respect to source, origin and nationality for procurement under the DFA is AID Geographic Code 935.

II. Operational Recommendations

As discussed in the attached legal memorandum, there are a number of section 604(a)-type statutes which require policy decisions with respect to their application to DFA-funded procurements.

Section 604(a)-Type Statutes: Delivery Services

(a) Ocean Shipping

Since AID Geographic Code 935 is the authorized source for DFA-funded procurements, we believe it is also proper for delivery services on code 935 vessels to be authorized to be financed with DFA funds. However, the application of Cargo Preference Act rules to DFA-financed commodity purchases requires special discussion. That Act requires that at least 50% of the gross tonnage of all U.S.-financed commodities shipped on ocean vessels be shipped on U.S. Flag vessels if available at fair and reasonable prices. The Act applies to shipment of AID financed goods, whether or not AID finances the delivery services. For reasons set forth in the attached legal memorandum, the Agency must apply the Cargo Preference Act to DFA procurements, but we do not believe it will be a burdensome requirement in view of the limited availability of U.S. flag service to Africans destinations.

As previously noted, since Code 935 is the authorized source for DFA funded delivery services, up to 50% of delivery services could still be financed on non-U.S. flag vessels, if necessary, to meet the objectives of the program even though Cargo Preference rules are retained for DFA transactions.

Operational Recommendation No. 1

That at least 50% of the gross tonnage of all AID-financed commodities under the FAA, including those financed under the DFA, shipped on ocean vessels be shipped on U.S. Flag commercial vessels if such are available (as determined by SER/OP/TRANS) at fair and reasonable prices, and that the

Procurement Plans established by Principal AID Officers pursuant to Administrative Recommendation No. 2 shall take this requirement into consideration.

(b) Air Travel and Transportation

The Fly America Act requires U.S. government grant-funded air travel or transportation to be on certified U.S. Flag Carriers to the extent such services are available. Complex grounds for determination of non-availability have been developed by the Comptroller General. Since this is clearly a section 604(a)-type restriction, the DFA waiver applies. Procurement Plans developed by Field Posts, however, should require travel and transport on U.S. certified carriers to and from the United States for DFA-funded transactions as a practical way to meet the requirement to maximize U.S. source procurement consistent with program objectives. AID Principal Officers, however, in a good cause application of the DFA Waiver criteria expressed in the Conference Report ("to allow for effective and expeditious procurement") should be able to make exceptions to AID's Fly America Act rules on an ad hoc basis for DFA grant-funded transactions (under the authorizing legislation all DFA funded transactions are grant-funded) without regard to the Comptroller General's rules on determination and certification of non-availability.

In exercising ad hoc approval for foreign flag carriers of persons to or from the United States, Principal AID officers should take into consideration the DFA waiver does not apply to OE funds, and direct-hire morale may be effected if contractors can be more easily authorized to fly foreign flag carriers across the Atlantic than direct-hires.

Operational Recommendation No. 2

That DFA-funded air travel and transportation to and from the United States be upon certified U.S. Flag carriers. Exceptions to this procurement policy may be approved by Principal AID Officers in writing for their respective posts on an ad hoc basis in the interests of effective and expeditious implementation of the DFA.

(c) Marine Insurance

Under existing AID rules, AID will finance marine insurance if placed in an authorized source country, provided such country does not discriminate against marine insurance companies authorized to do business in the United States. As previously noted, the authorized source for DFA procurement is

AID Geographic Code 935. The provisions with respect to anti-discrimination are not based upon 604(a)-type considerations and thus would apply to DFA-funded transactions.

Section 604(a)-Type Statutes: Special Considerations

(a) Agricultural Commodities

FAA section 604(e) requires that no agricultural commodity may be procured outside the United States when the domestic price thereof is less than parity, unless the commodity in question cannot reasonably be procured in the United States in the fulfillment of the particular assistance activity. Although this appears to be clearly a section 604(a)-type restriction, AID, as a matter of policy and in the interest of maximizing U.S. source procurement as required by the DFA's legislative history, should consider generally following this restriction. Exceptions may be made, however, on an ad hoc basis by AID Principal Officers for good cause.

Operation Recommendation No. 3

That no agricultural commodity financed under the DFA may be procured outside the United States when the domestic price thereof is less than parity, unless the commodity in question cannot reasonably be procured in the United States in fulfillment of the particular assistance activity. Exceptions to this procurement policy may be approved by Principal AID Officers in writing on an ad hoc basis for their respective posts in the interests of effective and expeditious implementation of the DFA program.

(b) Motor Vehicles

FAA section 636(i) restricts AID financing of motor vehicles to those manufactured in the United States. Waivers to this requirement may be made when "special circumstances" exist. Motor vehicle waivers in excess of \$50,000 per transaction are reserved to the A.I.D. Assistant Administrators or the Administrator under existing delegations of authority. Thus, a world-wide annual light-weight vehicle waiver is processed through the Administrator to allow the purchase of right-hand drive vehicles not available from U. S. sources, and substantial country waivers are processed annually through the AID Administrator for left-hand drive passenger vehicles, as in the case for Sudan. Since section 636(i) is a section 604(a)-type restriction, the DFA waiver provision applies. With respect to non-project assistance, financing of passenger cars from any source is generally ineligible under existing AID regulations, however, under Delegation of Authority 551, as

recently amended, Principal AID Officers have been delegated the authority to approve the eligibility of passenger motor vehicles for non-project assistance. Thus under the DFA, financing of motor vehicles from A.I.D. Geographic Code 935 sources is authorized without a "special circumstances" waiver, and Principal AID Officers may make eligible for non-project assistance financing passenger motor vehicles from Code 935 sources.

Operational Recommendation No. 4

That the authorized source, without FAA section 636(i) "Special circumstance" waiver, for motor vehicles financed under the DFA is AID Geographic Code 935.

(c) Pharmaceuticals

Pursuant to Handbook 1B Chapter 4 Policy, the required source for AID-financed pharmaceuticals is the United States, and those financed by AID must also comply with U.S. Food and Drug Administration (or other applicable regulations). AID procurement policy with respect to procurement of pharmaceuticals is not based solely upon section 604(a) grounds but upon broader public health considerations. This policy should therefore be followed with respect to DFA funded procurements.

Operational Recommendation No. 5

That procurement of pharmaceuticals financed under the DFA shall be in accordance with AID Handbook 1B, Chapter 4C3.

(d) Fertilizer

Pursuant to Handbook 1B Chapter 4 policy, fertilizer procurement is restricted to U.S. sources, unless there are significant U.S.-foreign price differentials or the procurement will adversely affect U.S. domestic availability. This is a section 604(a)-type restriction and the DFA waiver applies. However, large volume procurements of fertilizer should be generally restricted to the U.S. in order to maximize U.S. source procurement in accordance with the legislative history of the DFA authorization. Exceptions to the general policy may be made by AID Principal Officers for good cause.

Operational Recommendation No. 6

That the authorized source for procurement of fertilizer financed under the DFA is AID Geographic Code 935, however, the Principal AID Officers in the procurement plans for their respective posts shall generally restrict large volume procurement of fertilizer to U.S. sources. Exceptions to this policy may be approved by principal AID officers in writing for their respective posts on an ad hoc basis in the interests of effective and expeditious implementation of the DFA program.

(e) Construction Services

When AID Geographic Code 941 is authorized, FAA section 604(g) prohibits the procurement of engineering or construction services from competitive advanced developing countries. This is a 604(a)-type restriction and since the authorized Geographic Code for DFA procurement is Code 935, section 604(g) does not apply. As a matter of AID policy, however, for large value construction activities (in excess of \$5,000,000), and for procurement of engineering services, where adequate competition among qualified firms can be accomplished, AID should generally restrict such procurements to U.S. sources only in the interest of maximizing U.S. purchases in accordance with the legislative history of the DFA authorization. Principal AID Officers for good cause should be authorized to make exceptions to this procurement policy.

Under Handbook 1B Chapter 5, where an AID financed construction project is implemented by a U.S. firm, at least half of the supervisors and other specified key personnel working at the project site must be U.S. citizens or legal residents. This policy restriction also appears to be premised on section 604(a)-type considerations and should not apply, in any event, where U.S. firms would be competing for a DFA-financed construction activity with Code 941 or 935 firms, as this would make U.S. firms less competitive. Principal AID Officers under DFA-financed procurements, particularly for construction services, should be free to select Code 000, local firms only, Code 941 or Code 935, as appropriate.

Operational Recommendation No. 7

That where adequate competition among qualified U.S. firms can be accomplished for DFA-construction activities in excess of \$5,000,000, or for engineering services procurements, such purchases shall be limited to AID Geographic Code 000, and where the Principal AID Officer restricts construction services procurement to Code 000 for DFA-financed procurements, the nationality of employees of construction firms shall be in

accordance with Handbook 1B paragraph 5D7b. Exceptions to these procurement policies may be approved by AID Principal Officers for their respective posts in writing on an ad hoc basis in the interests of effective and expeditious implementation of the DFA program.

Miscellaneous Procurement Policies Affected by the DFA Authorization

(a) Participant Training

Under handbook 10, paragraph 7E1, AID financed third country training is limited to neighboring countries, countries in the same region as the sending country and in limited free world countries. Training in Geographic Code 899 countries requires the special approval of AID/W DS/IT on a case-by-case basis. Since the authorized procurement source for DFA activities is AID Geographic Code 935, it makes little sense to retain the above mentioned DS/IT approval requirement. AID Principal Officers are expected to use their authority sparingly and to fund virtually all long-term training in the United States.

Operational Recommendation No. 8

That third country training in AID Geographic Code 899 countries may be financed under the DFA without the special approval of DS/IT. Considerations for such third country training shall be as set forth in Handbook 10 paragraph 7E3.

(b) Procurements under Grants and Cooperative Agreements

Under Handbook 1B, Chapter 16, when the total procurement element under a grant or cooperative agreement is \$250,000 or less, an order of preference for procurement by the recipient is established as first Code 000, then Code 941 and then Code 935. Since the authorized procurement source for DFA-funded activities is A.I.D. Geographic Code 935, the above mentioned \$250,000 procurement ceiling does not apply to DFA-funded transactions.

Procurement Policies Not Affected by the DFA Authorization

As noted in the attached legal memorandum, there are numerous procurement policies not affected by the DFA waiver provision. These include Handbook 1B Chapter 6 provisions concerning Foreign Assets Control, Suspension and Debarment, Restrictive Trade Practices, Equal Opportunity and Access to AID Business; Handbook 1B, chapter 7 provisions with respect to Charters, Freight Differential, Dead Freight, Dispatch, Demurrage, and

Inland Transportation; Handbook 1B, Chapter 9 prohibitions with respect to Commingling; Handbook 1B, Chapter 22 provisions with respect to Marking; most AID Handbook 14 provisions with respect to Direct Procurement; and most AID Handbook 11 provisions with respect to Host Country Contracting as well as AID Regulation 1 and 16. African Field Posts will be so instructed in the AA/AFR Instructional Memorandum on the DFA Waiver.

Recommendations:

(1) That you approve the DFA Procurement Policy Recommendations set forth above.

Approved: 

Disapproved: _____

Date: 4-4-88

(2) That you sign the attached Africa Bureau Instructions memorandum on implementing the DFA Procurement Policy Rules.

Approved: 

Disapproved: _____

Date: 4-4-88

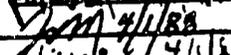
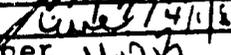
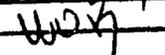
(3) That you sign the attached cable amendment to Delegation of Authority 551, authorizing AID principal officers to implement the DFA authorization in accordance with the approved Procurement Policy Recommendations and the Africa Bureau Instructions.

Approved: 

Disapproved: _____

Date: 4-4-88

Clearances:

M/AAA/SER:John Owens 
M/SER/OP:Terrence McMahon 
M/SER/PPE:James Murphy 
M/FM:Curtis Christensen 
DAA/AFR:Walter G. Bollinger 

GC/AFR:GBisson/gw 2506H/3/28/88/79218

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

March 28, 1968

MEMORANDUM TO THE FILES

FROM: GC/CCM, Kenneth E. Fries *KEF*

SUBJECT: Cargo Preference Addendum
Drew Luten, GC/AFR, Memorandum on Development
Fund for Africa (DFA)

The applicability of cargo preference to the DFA account is a close question which has been reviewed carefully within GC by the Deputy General Counsel, John Mullen, as well as by Bob Lester, GC/LP, Gary Bisson, GC/AFR, and myself. We have concluded that, in spite of the legislative exception for "Section 604(a) of the Foreign Assistance Act of 1961, and similar provisions of law," the Agency must apply the Cargo Preference Act to the DFA account.

As Drew Luten has noted, there are analytical distinctions between the Cargo Preference Act and the Section 604(a)-type source restrictions which support the application of the Cargo Preference Act to DFA expenditures for imported goods. Section 604(a) limits the ability of the Agency to finance procurement outside the United States; the Cargo Preference Act prescribes a preference for U.S.-flag transportation services no matter where that procurement takes place. But the Cargo Preference Act can also be viewed broadly as a Section 604(a)-type U.S. source requirement because it is designed, like Section 604(a), to promote certain U.S. economic interests. In this context we base our conclusion that the Cargo Preference Act applies to the DFA less on the textual analysis than on our reluctance to imply such a specific and important exemption where Congress failed to express its views more clearly on this matter.

The legislative history does express a concern to relieve AID of administrative complexity in implementing the DFA. Such complexity can theoretically arise in the administration of cargo preference, particularly with regard to determinations by AID concerning the availability of U.S. flag vessels and the

application of various regulations of the Maritime Administration, such as the "Fix-American flag first" rule for full shipload lots. But we do not believe this burden will prove significant in fact in DFA implementation. In the first place, DFA resources may be used for the procurement of services or shelf items rather than imported items subject to cargo preference requirements. Moreover, the availability of U.S. flag service to destinations in Africa is presently limited to East Africa from the United States and practically non-existent to all of Africa from non-U.S. ports.

Our view of the application of the Cargo Preference Act to the DFA account rests on several assumptions about the implementation of the cargo preference requirement. First, we assume that it is AID and not the Maritime Administration which has responsibility under the Cargo Preference Act and implementing regulations to make determinations with regard to the availability of U.S.-flag service to destinations in Africa, unless the cargo in question is a full shipload lot subject to the Marad "Fix-American flag first" rule. Second, we assume that the application of the cargo preference act does not require recipient countries using DFA funds to procure imported items from eligible countries in a manner which would maximize the use of U.S. flag vessels, but rather in a manner which would allow for effective and expeditious implementation of their projects consistent with the basic requirements of the Cargo Preference Act.

Clearance: DGC, JMullen, (draft) 3/30/88

TO: Theodore B. Carter
FROM: Drew W. Luten *DWL*
DATE: March 28, 1988
RE: FY 1988 Continuing Resolution--Sub-Saharan Africa
Account: Waiver of FAA Section 604(a) and
"similar provisions of law"

Introduction

H. J. Res. 395, the omnibus FY 1988 Continuing Resolution ("C.R.") establishes a new, separate appropriations account entitled "Sub-Saharan Africa, Development Assistance" (also often referred to as the Development Fund for Africa, or "DFA"). The DFA provides, in part, that "section 604(a) of the Foreign Assistance Act of 1961, and similar provisions of law, shall not apply with respect to the implementation of assistance activities" funded from the DFA. (Hereinafter, such provision will be referred to as the "DFA Waiver Provision".) This memorandum sets forth my thoughts on the impact of the DFA Waiver Provision on the procurement requirements generally applicable to the Agency's assistance activities.

Section 604(a) of the Foreign Assistance Act of 1961, as amended (the "FAA"), states as follows:

Funds made available under this chapter may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

This provision, as amplified by Presidential determinations and administrative guidelines, provides the primary statutory basis for the source, origin and nationality requirements which apply to the A.I.D.-financed procurement of goods and services in furtherance of the United States' foreign assistance programs.

There appears to be very little legislative history on the intended effect of the DFA Waiver Provision. A similar provision was included in proposed H.R. 3100, the "International Security and Development Cooperation Act of 1987". The report of the House Committee on Foreign Affairs commented that such provision would allow:

the procurement of goods and services outside the United States without reference to current complex waiver requirements in order to allow for effective and expeditious procurement. A.I.D. has provided the committee with written assurances that it will remain the policy of A.I.D. to maximize U.S. procurement whenever practicable.

Since H.R. 3100 was not enacted, the above comment is not specifically applicable to the DFA Waiver Provision. However, that comment would appear to reflect the concept behind the provision in question.

The Statement of Managers issued with respect to the C.R. refers only briefly to the DFA Waiver Provision. It notes in passing that "greater flexibility in the procurement of goods and services" has been provided with respect to DFA funds. In addition, it states that A.I.D.'s annual report to Congress (required by the C.R.) should address, in light of the procurement flexibility provided, "the steps taken to procure AID-financed commodities from the United States to the extent consistent with program objectives".

Based on this sparse legislative background, it appears that Congress, in making Section 604(a) and other "similar provisions of law" inapplicable to DFA-funded activities, seeks to facilitate effectiveness and efficiency in the implementation of assistance activities by waiving the statutory provisions (and related rules) which require U.S. procurement of A.I.D.-financed goods and services. Nonetheless, Congress expects A.I.D. to continue to utilize U.S. source procurement to the maximum extent practicable.

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A. Source, Origin and Nationality--General (Handbook 1B, Chapter 5)

FAA Section 604(a) is the basic statutory source of policy for the requirement that A.I.D.-financed commodities and services must be procured from the United States. The geographic code structure has been developed to implement this requirement (and, in certain circumstances, permit exceptions to it). The enactment of the DFA Waiver Provision eliminates the general requirements (under Handbook 1B, Chapter 5A) that A.I.D.-financed commodities must be of U.S. source and origin and that the suppliers of A.I.D.-financed services must be of U.S. nationality. Thus, the DFA Waiver Provision renders inapplicable the general policy that Code 000 is the authorized source for grants (other than grants to RLDCs) and the other activities set forth in Handbook 1B, Chapter 5Ald(1), and that Code 941 is the authorized source for grants to RLDCs and development loans, as set forth in Handbook 1B, Chapter 5Ald(2). The impact of the DFA Waiver Provision on the various rules (e.g. componentry, determining nationality) included in Chapter 5 is less clear, and in practice, may depend on the manner in which A.I.D. determines to utilize the procurement flexibility afforded by this new provision. If A.I.D. elects to implement the DFA Waiver Provision by making it easier to procure goods and services from Code 935 sources, it may be appropriate to continue to use at least some of these general rules. However, if the Agency determines not to utilize the existing geographic code structure at all with respect to procurement for DFA-funded activities (an option which would appear to be legally supportable, so long as sufficient efforts are made to procure goods and services from the U.S.), the rules set forth in Chapter 5 may have very limited application.

Elimination of the general requirement that procurement must be from the United States should not be equated with the requirement that procurement shall not, in any circumstances, be from certain specific prohibited countries. Section 604(a) is based on trade and balance of payments concerns, while the prohibition against procurement from non-Code 935 countries reflects broader political considerations. Thus, the DFA Waiver Provision does not have the effect of eliminating the prohibition on procurement from non-Free World countries.

B. Specific Procurement Requirements Affected by the DFA Waiver Provision

In addition to the general procurement policies set forth in Handbook 1B, Chapter 5, there are numerous other statutory provisions which specifically require (or have the effect of requiring) A.I.D.-financed goods and services to be procured from U.S. sources. A.I.D. also has developed a variety of specific rules designed to implement basic Section 604(a) procurement policy. The impact of the DFA Waiver Provision on these various statutory requirements and special rules is discussed below. In general, the following discussion assumes that statutory provisions and handbook rules whose main purpose is to require U.S. procurement of A.I.D.-financed goods and services (subject to waiver provisions) are within the scope of the DFA Waiver Provision. However, where appropriate, statutory provisions and rules which reflect special policy concerns are noted, since such concerns should be taken into account in determining the manner in which the DFA Waiver Provision will be implemented.

1. Agricultural Commodities

FAA Section 604(c) provides that any agricultural commodity available for disposition under the P.L. 480 program shall be procured only within the United States. FAA Section 604(e) requires that no agricultural commodity may be procured outside the United States when the domestic price thereof is less than parity, unless the commodity in question cannot reasonably be produced in the U.S. in fulfillment of the particular assistance activity. One might argue that, as a matter of statutory construction, subsections 604(c) and 604(e) were not intended to be included within the scope of the DFA Waiver Provision, since the C.R.'s language refers specifically to Section 604(a), rather than to Section 604 generally. However, both subsections are similar in language.

2. Motor Vehicles.

FAA Section 636(i) prohibits A.I.D. from financing the procurement of motor vehicles unless such vehicles are manufactured in the United States (with waivers permitted if "special circumstances" exist). This provision (as implemented by the rules stated in Handbook 1B, Chapter 4C2) is similar in purpose and effect to Section 604(a), and thus does not apply to DFA-funded activities. However, note that with respect to non-project assistance, passenger cars (from any source) are generally ineligible. Thus, the DFA Waiver Provision does not affect eligibility considerations not based on source/origin policies. Also, note that Section 636(i) remains in force with respect to motor vehicles to be financed from OE funds.

3. Pharmaceuticals

As a general rule, the required source for A.I.D.-financed pharmaceuticals is the United States. Further, all pharmaceuticals financed by A.I.D. must comply with U.S. Food and Drug Administration (or other applicable) regulations. (See Handbook 1B, Chapter 4C3). These requirements do not appear to have a statutory basis, but rather stem from a policy decision that U.S. pharmaceutical products generally should be utilized. The requirements in Chapter 4C3 arguably are rendered inapplicable by the DFA Waiver Provision, since the reasons behind A.I.D.'s policy concerning pharmaceuticals at least in part appears to be the general preference for U.S. procurement (e.g., the 50% price differential requirement of Chapter 4C3d2a2). However, another reason for the policy appears to be A.I.D.'s concern for quality control, an especially important consideration in the provision of pharmaceuticals. These different policy concerns should be taken into consideration in determining the extent to which the Section DFA Waiver Provision is applied to pharmaceutical procurement.

4. Fertilizer

Handbook 1B, Chapter 4C7, states A.I.D.'s policy to restrict fertilizer procurement to U.S. sources, except when there are significant U.S.-foreign price differentials or the procurement would adversely affect U.S. domestic availability. Since there do not appear to be any special policy concerns behind this requirement, the DFA Waiver Provision renders this policy inapplicable to the DFA.

5. Ocean Transportation

The restrictions on the eligibility of ocean transportation services are set forth in Handbook 1B, Chapter 7B. These requirements reflect the application of "general source policies to delivery services." As such, the DFA Waiver Provision makes them inapplicable to the DFA. However, as a practical matter, the continued applicability of cargo preference requirements may limit flexibility in procuring ocean transportation services from non-U.S. sources.

6. Air Transportation

U.S. flag carriers must be used for all A.I.D. grant-financed international air travel and transportation (unless such service is not available) pursuant to the provisions of the International Air Transportation Fair Competitive Practices Act of 1974, the International Transportation Competition Act of 1979 and the March 31, 1981 guidelines issued by the Comptroller General. As such, these requirements are "similar" to Section 604(a) of the FAA in that they require A.I.D.-financed services (in this case air transportation) to be procured from U.S. sources if available. Thus, the "Fly America" requirements imposed by the noted statutes and described in Chapter 7C of Handbook 1B are not applicable to DFA-funded activities. However, approval requirements with respect to the utilization of air charters (Chapter 7C1g) and charters in general (Chapter 7E) remain in effect, since the policy concern behind those requirements is avoidance of excessive cost, rather than procurement source.

7. Marine Insurance

Handbook 1B, Chapter 11A, states that A.I.D. will not finance marine insurance unless such insurance is placed in an eligible source country. To the extent that the DFA Waiver Provision is determined to either eliminate geographic code requirements or permit procurement from Code 935 (rather than Code 000 or Code 941), the range of permissible countries in which marine insurance may be placed will be expanded.

However, Section 604(d) of the FAA would not be affected. That provision requires that if a cooperating country discriminates against marine insurance companies authorized to do business in the U.S., then marine insurance for all A.I.D.-financed goods for that country must be placed in the United States. Since the policy concern behind this requirement is avoidance of discrimination against insurance companies doing business in the United States (which includes foreign owned companies), Section 604(d) is not "similar" in purpose or effect to Section 604(a).

8. Shelf-Item Procurement

The restrictions on imported shelf-item procurement set forth in Handbook 1B, Chapter 18A4 generally follow basic Chapter 5 source and origin requirements, subject to certain limited exceptions. Thus, they fall within the scope of the DFA Waiver Provision, and are not applicable to DFA-funded activities.

9. FAA Section 604(g)

FAA Section 604(g), which prohibits the procurement of construction or engineering services from "competitive" advanced developing countries, has the effect of encouraging U.S. procurement of such services. Thus, this provision would appear to fall within the scope of the DFA Waiver Provision.

10. Fixed Amount Reimbursement

Handbook 1B, Chapter 20 provides that with respect to FAR, general (Handbook 1B) A.I.D. procurement policies apply, but allows some additional flexibility in utilizing shelf-item procurement. Thus, to the extent that the DFA Waiver Provision affects various A.I.D. procurement rules with respect to the DFA (as described herein), so too will FAR authority be affected.

11. Participant Training

Pursuant to Handbook 10, Chapter 7E1, A.I.D.-financed third country training is limited to neighboring countries, countries in the same region as the sending country, and Code 901 (Limited Free World) countries. This limitation on eligible countries from which training services may be procured would appear to be within the scope of the DFA Waiver Provision.

C. Procurement Requirements Not Affected by the DFA Waiver Provision

1. Non-Free World Countries

As noted above, the policy reasons behind the prohibition on procurement from non-Code 935 countries differ from the policy supported by Section 604(a). Thus, the DFA Waiver Provision does not eliminate the existing ban on procurement from countries not included in Code 935.

2. Commodity Eligibility

In general, A.I.D.'s Commodity Eligibility Listing reflects certain judgments about the types of commodities A.I.D. should finance based on the expected use of the commodities. As such, the Commodity Eligibility Listing is not affected by the DFA Waiver Provision except to the extent that eligibility decisions with respect to particular commodities are based on U.S. source considerations. Agricultural commodities, motor vehicles, pharmaceuticals and fertilizer fall under this category and have been noted above. (Although note that at least with respect to pharmaceuticals, special policy considerations may justify retention of existing requirements.)

In any event, present requirements are not changed with respect to (1) restricted commodities such as pesticides (Regulation 16 still applies), rubber compounding chemicals and plasticizers and used equipment as provided in Handbook 1B, Chapter 4C, and (2) the categories of ineligible commodities included in Handbook 1B, Chapter 4D. The restrictions or prohibitions on the eligibility of these classes of commodities are based on special policy concerns.

3. A.I.D. Regulation 1

A.I.D. Regulation 1 sets forth several procurement rules in addition to those pertaining to the source and origin of commodities (e.g. price, payment procedures, post-audit). Concerning source requirements, A.I.D. Regulation 1 simply requires that the source of a commodity must be a country authorized (by name or reference to an A.I.D. geographic code) in the implementing document for the transaction. Thus, for a DFA-funded commodity procurement activity to which A.I.D. Regulation 1 is made applicable, the implementing documents presumably will specify the eligible sources (to be determined in accordance with the approach A.I.D. adopts with respect to the implementation of the DFA Waiver Provision). Since source, origin and nationality matters will be addressed in the implementing documentation for an activity, it appears to be possible to utilize A.I.D. Regulation 1, with few revisions. (Note that some revisions to §201.13, "Eligibility of Delivery Services" may be required to reflect the impact of the DFA Waiver Provision on existing ocean and air transportation requirements and policies.)

4. Cargo Preference

The Cargo Preference Act requires that at least 50% of the gross tonnage of all A.I.D.-financed commodities shipped on ocean vessels shall be shipped on U.S. flag commercial vessels if they are available at fair and reasonable rates. In a general sense, since cargo preference rules have the effect of requiring U.S. source ocean transportation, it can be argued that the Cargo Preference Act and Section 604(a) are "similar provisions of law," thus rendering cargo preference requirements inapplicable to the DFA.

However, the Cargo Preference Act and Section 604(a) are different in certain important respects. The primary difference is one of focus. Section 604(a) and the elaborate geographic code system which has developed from it establish rules (and exceptions) with respect to the use of U.S. foreign assistance funds to procure goods and services. By contrast, cargo preference rules are not specifically concerned with the uses of foreign assistance funds. Rather, they impose a requirement on the manner in which A.I.D.-financed commodities are transported, whether or not A.I.D. finances the ocean transportation needed to deliver such commodities. Thus, even if A.I.D. was to determine not to finance ocean transportation at all, cargo preference requirements would still apply to A.I.D.-financed goods transported by ocean vessel.

Recognizing this is a close question, for the reasons elaborated in the addendum to this memorandum, we have concluded that should not be included within the scope of the DFA Waiver Provision.

5. Handbook 1B, Chapter 6

The provisions which concern Foreign Assets Control, Suspension and Debarment, Restrictive Trade Practices, Equal Opportunity and Access to A.I.D. Business, as described in Chapter 6 of Handbook 1B, are not affected by the DFA Waiver Provision.

6. Handbook 1B, Chapter 7 - Other Provisions

The provisions of Chapter 7 of Handbook 1B with respect to charters (7E), freight differential (7E), dead freight (7G), dispatch and demurrage (7H) and inland transportation (7I) remain in effect.

7. Commingling

The prohibition against commingling U.S. foreign assistance funds in a manner which promotes or assist activities of Communist-bloc countries, as provided in Handbook 1B, Chapter 9, remains in effect.

8. Grants and Cooperative Agreements

Pursuant to Handbook 1B, Chapter 16B1b, where the total procurement element of a grant or cooperative agreement is \$250,000 or less, an order of preference of sources for procurement by the recipient is stated (first 000, then 941, then 935). The DFA Waiver Provision arguably makes this approach inapplicable. However, it appears to afford a degree of flexibility consistent with such provision, and thus consideration might be given to retaining it.

On the other hand, the requirement for grants and cooperative agreements which have total procurement in excess of \$250,000 that the United States is the eligible source (subject to the waiver provisions in Chapter 5 of Handbook 1B) is not applicable as a result of the DFA Waiver Provision.

9. Marking

A.I.D.'s marking requirements, as described in Handbook 1B, Chapter 22, remain in effect.

10. Contracting

The Federal Acquisition Regulation, the A.I.D. Acquisition Regulation and Handbook 11 requirements with respect to host country contracts remain in effect.

11. Parastatals

It is arguable that the restriction on eligibility of government-owned organizations to act as contractors and subcontractors for A.I.D.-financed activities (Handbook 1B, chapter 5D3) should not be affected by the DFA Waiver Provision, notwithstanding any other changes made with respect to Handbook 1B, Chapter 5 requirements in connection with the DFA. Restrictions on the eligibility of parastatals would appear to be consistent with A.I.D.'s general preference for the private sector, rather than to constitute specific support for the utilization of U.S. firms.

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523ASSISTANT
ADMINISTRATOR

DEC 23 1987

MEMORANDUM

TO: See Distribution
FROM: AA/AFR, Charles L. Gladson
SUBJECT: Assignment of AID/W Responsibilities for
Managing AFR Regional Projects

After meeting with AFR/DP, AFR/PD and AFR/TR, I have approved the distribution of project management responsibilities for the Bureau's regional portfolio as described in the attached tables. The first list outlines the principal division of responsibilities between these three offices. Although not specifically included in the list, the Geographic Offices will continue to have a clearance role on all regional project initiatives and will remain involved in the selection, budgeting and monitoring of all regional activities in their countries.

The second list identifies by project specific project manager and project officer responsibility for each activity now managed by AFR/TR. It also reflects my decision on the assignment of certain project management responsibilities to the field and those projects which are to be closed out by AFR/TR.

Regarding the issues identified in the joint AFR/PD, AFR/DP, AFR/TR November 4 memorandum, I have decided:

1. AFR/TR project managers will retain leadership for coordinating and managing technical input to PP design for Bureau regional projects. AFR/PD will support the design process. It is the responsibility of the Directors of both Offices to ensure that the project committees overseeing design activities work collaboratively to achieve optimal project design.

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2. Responsibility for preparation and tracking of such essential project implementation documents as PIO/Ts, PIL and Letter Contract/Grants must remain with the project manager. One project design officer and ceiling will be transferred from AFR/PD to AFR/TR/PRO to ensure that adequate resources are available to do this.

ACTION: AFR/TR and AFR/PD to coordinate transfer of ceiling and identify candidate to fill it.

3. Five projects currently managed by AFR/TR will be assigned to the field:

698-0462	=	FHI II - Nigeria	USAID/Lagos
698-0408	=	HE Const. to Rural Prod.	USAID/Yaounde
698-0456	=	EA Remote Sensing II	USAID/Nairobi
698-0452	=	SAFGRAD II	USAID/Ouagadougou
698-0434	=	African Development Bank II	REDSO/WCA

As a general principal, REDSOs will not take on additional management of regional projects -- hence the assignment of the EA Remote Sensing project to USAID/Nairobi rather than REDSO/ESA. Because there is no USAID in Abidjan and REDSO/WCA's current management responsibilities for it, the ABD II project will be assigned to REDSO/WCA as an exception to this principal.

Backstopping responsibility for these projects in AID/W will be the same as for the bilateral projects in the Mission identified, i.e., the Geographic Offices. However, the principal activity in AID/W will be AFR/DP's support by budgeting and issuing allowances to the field.

DISTRIBUTION

AFR/DP, JWestley
AFR/PD, CPeasley ✓
AFR/TR, KSherper
AFR/MGT, CMcGraw
AFR/PRE, HMunson
AFR/CCWA, JColes
AFR/EA, SMintz
AFR/SA, FFischer
AFR/SWA, PDichter

cc (with attachments):

All AFR Mission Directors, AID Reps,
AAOs and REDSO Directors

Clearances:

DAA/AFR: WBollinger	<u>16613</u>	Date:	<u>R/Sa/03.</u>
AFR/DP: JWestley	(draft)	Date:	11/19/87
AFR/PD: CPeasley	(draft)	Date:	11/18/87
AFR/TR: KSherper	(draft)	Date:	11/18/87

AFR/TR: BKLINE:AGB: 11/17/87:X 78828:N 1372Z


REGIONAL PROJECT MANAGEMENT ROLES

FIELD--AFR/TR--AFR/PD--AFR/DP

<u>TASK</u>	<u>PROJECT MANAGER (Field or AFR/TR)</u>	<u>AFR/TR</u>	<u>AFR/PD</u>	<u>AFR/DP</u>
1. Project Identification (PID)	Identifies need (or responds to top management requests). Draft PID in coordination with other Bureau Offices	Provide technical support. PRO may serve as manager until project manager is identified	Provide PDO support as needed	Review concept as part of ABS and sector analysis processes
2. Design (PP)	Coordinate and manage technical input	Provide technical support. PRO may serve as manager until project manager is identified	Support design	N/A
3. Review Unsolicited Proposals	Coordinate and manage technical input	Provide technical support.	Coordinate review using process described in October 28, 1987 memo.	Review concept
4. Project Committee (Pre-Authorisation)	Member	Member	Chair; provide support	Member
5. Project Review (ECPRs)	Member of PC	Member of PC	Member of PC. Coordinate review and prepare issues paper. Chairs Issues meeting	Member of PC

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REGIONAL PROJECT MANAGEMENT ROLES

FIELD--AFR/TR--AFR/PD--AFR/DP

<u>TASK</u>	<u>PROJECT MANAGER</u> <u>(Field or AFR/TR)</u>	<u>AFR/TR</u>	<u>AFR/PD</u>	<u>AFR/DP</u>
6. CNA/TNA Draft		Clear	Clear	Clear and coordinate with LEG
7. Project Authorization Action Memo	Clear	Clear	Draft and manage processing	Clear
8. Project Authorization	Clear	Clear	Obtain draft from GC, clear, and manage processing	Clear
9. Project Committee (Post-Authorization)	Chair	Member	Member; provide support	Member
10. Project Management	Oversee implementation	Provide technical support	Provide support	N/A
11. Waivers	Provide justification	Provide technical support	Prepare final memo and process	Clear
12. PACD ext. Action Memo	Provide justification	Provide technical support; clear	Prepare final memo and manage processing	Clear

REGIONAL PROJECT MANAGEMENT ROLES

FIELD--APR/TR--APR/PD--APR/DP

<u>TASK</u>	<u>PROJECT MANAGER</u> <u>(Field or APR/TR)</u>	<u>APR/TR</u>	<u>APR/PD</u>	<u>APR/DP</u>
13. PIO/Ts and PILs; Letter Contract/Grants	Identify need and justification. Draft technical scope	Review/clear; provide technical support. For TR-managed projects, TR/PRO to prepare final for clearance; assign numbers manage clearance process.	Clear	Clear. Liaison with M/SER/OP.
14. PIRs	Draft	Provide technical support and participate in Bureau review	Manage Bureau review	Participate in review
15. Evaluation	Draft scope. Manage and provide technical support; draft PES and report on PES action implementation and follow-up as part of the FIR process	PRO to plan/schedule for TR-managed projects; clear scope. Divisions to provide technical support/review	Clear scope. Participate as approp. in eval. Chair review; follow-up	Reviews plan/schedule. Clears scope Participate as approp. in evaluation
16. Audit	Draft response to draft audits. Monitors implementation of final audit recommendations and initiates action to request closure	Clear as appropriate. PRO to monitor for TR-managed projects	Clear as appropriate	Clear as appropriate

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REGIONAL PROJECT MANAGEMENT ROLES

FIELD--AFR/TR--AFR/PD--AFR/DP

<u>TASK</u>	<u>PROJECT MANAGER (Field or AFR/TR)</u>	<u>AFR/TR</u>	<u>AFR/PD</u>	<u>AFR/DP</u>
17. CP	Provide budget data/ tables and draft project data sheets	PRO to compile for TR-managed projects	Clear	Manage Bureau review
18. ABS	Provide budget data/ tables and justification	PRO to compile ABS for TR-managed projects	Participate in Bureau review	Manage Bureau review
19. Track Obligat.	Primary responsibility to plan, monitor, track and report on individual projects	N/A	N/A	Manage Bureau process
20. Budget Allowance	Initiate request	PRO to clear for TR- managed projects only	N/A	Process and draft allowance cable
21. OYB Changes	Initiate request	PRO to clear for TR- managed projects only	N/A	Manage processing
22. Voucher Admin. Clearance	Review and sign	N/A	N/A	N/A

AFR/PD:CPearley:08/20/07
 AFR/TR:SKline:bk:08/27/07:012513
 AFR/TR:SKline:bk:10/21/07:012513

DISPOSITION OF REGIONAL PROJECTS CURRENTLY ASSIGNED TO AFR/TR

Project Number	Project Title	PACD	LOP	Project Manager	Project Officer
Assigned to AFR/TR:					
698-0461	Nat. Council of Negro Women	09/90	1,500	Fields	Gary
698-0442	African Labor Development II	12/90	19,000	Fields	Gary
698-0466	Famine Early Warning System	Design	10,000	Kreslins	McKay
698-0464	African Development Support	Design	10,000	Dutto	Burnett
Subtotal for AFR/TR/PRO:			\$40,500		
698-0424	Energy Initiatives for AFR	12/88	7,466	Walker	Schlesinger
698-0517	AFR Emr. Locust/Grassh. Asst	04/90	15,760	Wahab	McKay
698-0435	SAARFA	09/92	41,000	McSwain	Schlesinger
698-0467	Natural Res. Mgt. & Support	09/92	8,510	Walker	Schlesinger
Subtotal for AFR/TR/ARD:			\$72,736		
698-0433	AMDP II	09/92	49,484	Ross	Bliss
698-0455	AFGRAD III	09/92	33,700	Ross	Bliss
625-0972	Sahel AFGRAD	09/90	3,000	Shampain	Burnett
698-0463	Human Res. Devel. Assistance	09/95	53,000	Shampain	Bliss
625-0977	Sahel Human Res. Dev.	09/92	19,000	Shampain	Burnett
698-0465	Israeli-African Spt. Grant	09/90	1,500	Shaw	Bliss
Subtotal for AFR/TR/EHR:			\$159,684		
698-0513	UNDF-Child Survival	12/90	4,000	Thomas	Brown
698-0471	MEDEX	09/91	6,100	Sheppard	Getson
625-0966	Sahel Oncho Control	09/91	15,000	Sheppard	Clark
698-0662	Family Health Init. I	09/88	22,080	Thomas	Getson
698-0462	Family Health Init. II	09/94	20,000	Thomas	Getson
698-0421	ASSI-OCDD	09/92	89,473	Thomas	Getson
Subtotal for AFR/TR/HPN			\$156,653		
Subtotal for AFR/TR:			\$429,573		
Projects to transfer to the Field:					
698-0462	FHI II--Nigeria	09/94	67,000	USAID/Lagos	
698-0408	HE Const. To Rural Prod.	12/90	7,353	USAID/Yaounda	
698-0456	East Afr Remote Seasing II	09/91	2,500	USAID/Nairobi	
698-0452	SAFGRAD II	09/91	9,800	USAID/Ouagadougou	
698-0434	African Development Bank II	09/92	14,900	REDSO/WCA	
Subtotal for AFR/DP:			\$101,553		

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DISPOSITION OF REGIONAL PROJECTS CURRENTLY ASSIGNED TO AFR/TR

Project Number	Project Title	PACD	LOP	Project Manager	Project Officer
Projects to close out:					
698-0416	Reg. Oncho-free Area Plg.		07/83		
698-0407	Improved Rural Technology		09/85		
698-0384	AMDP I		09/85		
625-0960	Sahel Manpower Dev II		09/85		
698-0412	Health Inst. Improve 122(d)		03/86		
698-0393	SAFGRAD I		06/86		
698-0410	Accelerated Impact Program		06/86		
698-0414	Reg Remote Sensing I (EA)		06/86		
698-0398	Strengthening HE Delivery Sys.		09/86		
698-0429	West AFR Rice Devl Assn. II		12/86		
698-0420	Reg Remote Sensing I (WA)		12/87		
698-0510	Plg-Intl Policy & Res Inst		12/87		
698-0427	Env. Training & Mgt.		06/88		
698-0413	Support to Regional Orgs I		06/88		
698-0458	Support to Regional Orgs II		08/88		
698-0454	CECAF		09/88		

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USE OF PROGRAM DEVELOPMENT AND SUPPORT (PDS) AND PLANNING,
MANAGEMENT AND RESEARCH (PMR) FUNDS

The following guidance was recently sent to all African field in missions in State 154244 updating guidance on the use of PDS/PMR funds. This guidance is included here since PDS/PMR funds are normally the source for funding project design and as a backstop officer, PDOs can ensure correct usage during the review of PIO/T/Cs received from the mission.

1. General Guidance.

Missions should submit their OYB PDS/PMR requirements in their Annual Budget Submission. Missions will be required to submit a quarterly report, due to AFR/DP on the 15th day after each quarter has ended beginning 1/15/88. The report will be used to track obligations progress and to re-program unutilized PDS/PMR funds. PDS/PMR activities should be completed no later than the next fiscal year after funding is made available, but in no case extend beyond 18 months.

Recurrent funding of long term (over 12 months) PSC's is not an acceptable use of PDS/PMR funds. AFR/DP is anticipating the approval of a new project to support long term PSC's. If approved, REDSO's would budget FYU 1988 requirements through the new AFR/TR African Support Project (698-0464) which is expected to be authorized in June. Missions should budget for such individuals in their bilateral projects. Requests for waiver of this guideline should be addressed to AA/Africa.

The following missions have bilateral PDS projects: Kenya, Liberia, Cameroon, Somalia, Sudan and Zaire. AFR/DP is proposing a bilateral PDS/PMR project for Senegal and Zambia in FY 88. PDS/PMR funds will be included in the above countries operational year budget.

2. Eligible Uses of PDS/PMR Funds.

In determining allocations of PDS/PMR funds, the Bureau will analyze both AID/W and field requests in terms of four Bureau priorities. Priority One will be the top priority for funding.

Priority One will include project development, feasibility studies, operational research and pilot testing of hypotheses leading to final project design, assessments of program impact and AID program priorities. Activities to gather data on program impact are also included because the new legislation which requires that AID report on progress in achieving development objectives. Prior discussion and general approval of a project idea (e.g. through program week, CDSS, Action Plan, ABS and PIR reviews) is sufficient to justify a request for PDS/PMR. An approved PID is not necessary. Missions are

strongly encouraged to advance the project development process by initiating pertinent studies and research in advance of PP preparation. This will facilitate early funds obligation and better overall design rather than trying to do all design related work in the year of authorization. Funds may be used for the development of projects which will be obligated after the operating year or which will serve as "shelf projects for the current budget year".

Priority Two will include use of PDS/PMR funds for project-level evaluations and financial management/audit activities not otherwise budgeted for within projects. This includes the development of project monitoring and accounting systems, data collection and evaluation systems; and audit work not otherwise covered by IG IQC's. All new Project Papers must include plans and financing for evaluation. Most ongoing Project Papers should have included financing for monitoring, data collection and evaluation systems as well. New PPs and PPAs also must address the need for audit coverage in light of potential risks. Requests for evaluation related PDS/PMR funds should be fully consistent with annual evaluation plans. Detailed scopes-of-work for evaluations will not be required for prior approval of PDS/PMR funding, but AFR/DP will want to see a short narrative on what field posts intend and how the results will be used.

Priority Three will include CDSS-related studies and sector assessments. Special studies which are identified by a mission and affirmed by the Bureau during Program Week, CDSS, ABS and PIR reviews will be accorded higher priority than other requests for this category. Priority will also be given to studies which enhance policy dialogue efforts or sharpen understandings of technical or institutional constraints.

Priority Four will include general purpose activities such as seminars, workshops and special economic or statistical surveys; termination costs or residual support for terminated projects not specifically covered in priorities one through three.

3. Scope of PDS/PMR Activities.

PDS/PMR funds should be used for development and support of the full range of programs for which Africa Bureau is responsible, including traditional development assistance, economic policy reforms, and food assistance. Special attention should be given to programs concentrating on objectives discussed during Program Week, CDSS, Action Plan, ABS and PIR reviews.

The financial limit on single PDS/PMR activities is \$500,000. Any activity requiring more than \$500,000 in AID funding is normally considered outside of PDS/PMR and should be done on a project basis. More costly activities should be developed as discrete projects or components of larger projects. Requests for waiver of this should be addressed to responsible DAA/Africa.

The following are not appropriate usages of PDS/PMR: (1) PDS/PMR shall not be available for operating expenses; (2) PDS/PMR shall not be available for travel expenses of AID direct-hire personnel; (3) PDS/PMR shall not be used to support an existing approved project; (4) commodities such as vehicles may not be purchased with PDS/PMR funds. Requests for waiver of the vehicle guideline should be addressed to AA/Africa.

PDS/PMR funds are subject to statutory restrictions on assistance to a country (such as Brooke). Each country case where such a restriction applies must be analyzed on its facts (and the analysis documented) to determine whether the proposed use is to provide assistance, or whether it is another permissible purpose such as to provide AID with information to assist in its decision-making (e.g. in allocation of resources), or to provide assistance to other countries in a manner in which the benefits reaching the restricted country qualify as indirect assistance.

Care must be taken to ensure that PDS funds are used for activities within the applicable functional accounts (Section 103 - 105).

Some missions have used Limited Scope Grant Agreements (LSGAS) to obligate PDS/PMR funds. The LSGAS can be a convenient mechanism to obligate funds, but you should keep in mind:

- a. any DA-funded Grant Agreement (e.g. PDS but not ESF PMR funded) signed with a Host Government, requires a 25 Host Country contribution except in those countries where it is waived;
- b. obligation of funds through a LSGA per se is impermissible assistance to a restricted country when statutory prohibitions as described above apply;
- c. Host Country approval is required for disbursements of funds under a LSGA;
- d. funds should be for operational year requirements leading to some disbursements in that same year; and
- e. missions will need to carefully document that the funds requested were used for the purpose intended.

4. Procedures.

Effective in FY 1988, the following procedures will be employed for the management of PDS/PMR funds.

- a. All missions should request OYB PDS/PMR funds through the ABS submission process. This will give the Bureau a comprehensive report on all PDS/PMR type activities proposed and will enable AID/W to monitor progress on decisions taken during Program Week, CDSS, Action Plan, ABS and PIR reviews.
- b. AFR/TR and AFR/PD working with the appropriate geographic offices and REDSOs will collaborate in preparing requests for PDS/PMR funds for regional programs and for activities in countries where REDSOs are responsible for providing support services.
- c. For data entry purposes, please adhere to format and codes as defined. The detail assists DP in the management of financial data. Appropriation codes are: FN/PN, HE, EH, SD, SOP (Sahel), ES and starting in FY 88 DF for the new development fund for Africa. However, since we do not know if African Fund Legislation will be enacted for FY 1988, FY 1988 PDS/PMR requests need to continue a functional code. Show as DF-FN, DF-PN etc. The priority code provides the mission's assessment of the importance of the activity by listing activities in descending order of priority.
- d. The obligation location code is (W) for Washington and (F) for the field. The (W) and (F) codes indicate where the budget allowance is to be issued and where the obligation will be incurred as well as reported. Field allowances provide greater management flexibility to missions, are consistent with decentralization of the programming process and are encouraged by AFR. Category (Cty use) refers to the four priorities identified in 2 above.

Thus, for a request for the evaluation of the Guinea Rice Production Project for FY 1988, data would be reported as follows:

APPROP.	MISSION	OBL	CTY	PROJECT	PDS/PMR	PLAN MO
	RANKING	LOC	USE		REQUEST	OF OBL
DF-FN	1	F	2	657-0009	30,000	5

- e. Submit in table form Mission's operational year PDS/PMR requirements in the ABS to AID/W. Follow the table with a brief comment describing each request i.e. evaluation, PID design, etc. Text should be very brief and include any items which appear inconsistent with decisions reached at Program Week, CDSS, Action Plan, ABS or PIR reviews. Each item should be covered by no more than a two or three sentence narrative. Missions need to define the specific

use of funds requested. Per example above, request for funds for evaluation should explain how the evaluation will be used.

The narrative section of the request should be keyed in the same order as the mission ranking on the table. Missions should provide AFR/DP, updated OYB PDS/PMR requirements in September/October at time of the REDSO annual design/scheduling conferences.

For OMB and CP presentation, except for bilateral mission projects, PDS/PMR funds will be budgeted in a Bureau Regional Project (698-0510) for DA and 690-0206 for ESF/PMR).

- f. DP will review requests with Desk Officers, AFR/TR and AFR/PD. Missions with a bilateral project will be given the flexibility within their current OYB to determine their own PDS/PMR levels but also have responsibility for necessary OYB transactions and for submitting Congressional Notifications. For all other countries and regional programs, AFR/DP/PAB will prepare a PDS/PMR OBY and advise missions.
- g. If a non-bilateral PDS/PMR mission proposes to obligate funds for an item not included in the Bureau plan, AID/W must be notified. Request for adjustments to approved PDS/PMR plan should be submitted by cable as soon as the request is identified to AFR/DP/PAB. The cable should identify functional account, title and dollar amount and provide justification for the new requirement. This will help assure functional account integrity and will inform the Bureau on program development during the year. It will also enable AFR/DP to maintain an accurate data base on all activities in the Bureau regional PDS/PMR project.
- h. Field obligations of PDS/PMR activities will be reported quarterly. The report is due to AFR/DP on the 15th after each quarter has ended. Report to AFR/DP at the line item level of detail from the approved budget. If an item is not included in the approved budget, so indicate. Use a routine cable with the subject "Accounting for FY 1988 Obligations of PDS/PMR Funds". There will be a review of mission management of PDS/PMR and a reprogramming exercise in July, based on reports of activity through June 30.

Recommendation: That you sign the attached worldwide cable providing revised guidance on ESF cash transfer separate accounts.

Approved *[Signature]* for JFM

Disapproved _____

Date 10/19/87

Attachment: Draft Cable Guidance

Clearance: DAA/PPC, M.V. Dagata *[Signature]*

DRAFTER: PPC/PDPR:BJOdell/CSCallison:10/09/87:ext.78592:#3224P

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OUTGOING
TELEGRAM

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AID/AA/M:RTRULLIS (DRAFT)
AID/AA/AFR:CGLACSON (DRAFT)

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L-00 EAP-00 /026 R

DRAFTED BY: AID/PPC/PPR:BJCDELL/CSCALLISON:CGC#343P

APPROVED BY: A/AID:JHCRRIS

AID/AA/PPC:FBISLELL

AID/AA/PPC:NDACATA

AID/AA/PPC:KBIANELEE

AID/AA/M:RTRULLIS (DRAFT)

AID/AA/AFR:CGLACSON (DRAFT)

AID/AA/PPC:NDACATA

AID/AA/PPC:KBIANELEE

AID/AA/PPC:NDACATA

THE DISTINCTION BETWEEN THE CASH TRANSFER AND COMMODITY ASSISTANCE PROGRAM MODES. VARIOUS LEGISLATIVE REQUIREMENTS, SUCH AS CARGO PREFERENCE, NORMALLY APPLICABLE TO OTHER FORMS OF ASSISTANCE, E.G. CIPS, SECTOR PROGRAMS, AND PROJECTS, HAVE NEVER APPLIED TO CASH TRANSFERS. THE FY 67 OR MAINTAINED THIS LONG STANDING RULE WHEN IT ESTABLISHED SEPARATE ACCOUNTS BY SPECIFYING THAT FUNDS MAY BE OBLIGATED AND EXPENDED AS CASH TRANSFERS NOTWITHSTANDING OTHER PROVISIONS OF LAW WHICH ARE INCONSISTENT WITH THE CASH TRANSFER NATURE OF SUCH ASSISTANCE. ESF CASH TRANSFER ASSISTANCE AGREEMENTS, THEREFORE, CONTINUE TO BE EXEMPT FROM THE PROCUREMENT REGULATIONS APPLICABLE TO PROJECT ASSISTANCE AND COMMODITY IMPORT PROGRAMS WHICH ARE INCONSISTENT WITH THE NATURE OF THE ASSISTANCE. AT THE SAME TIME, BOTH AID AND THE CONGRESS ARE CONCERNED ABOUT THE POTENTIAL FOR INAPPROPRIATE USE OF FOREIGN EXCHANGE PROVIDED UNDER CASH TRANSFERS.

3. IN ACCORDANCE WITH STATUTORY PROVISIONS CONTAINED IN THE FY 1967 CONTINUING RESOLUTION, ALL COUNTRIES RECEIVING CASH TRANSFER ASSISTANCE IN EXCESS OF DOLLARS 5 MILLION OBLIGATED AFTER FEBRUARY 1, 1967, WILL BE REQUIRED TO ESTABLISH A SEPARATE ACCOUNT OR ACCOUNTS INTO WHICH WILL BE PLACED THE DOLLAR ASSISTANCE AND A SEPARATE ACCOUNT OR ACCOUNTS FOR DEPOSITS OF LOCAL CURRENCY. THE LEGAL REQUIREMENT FOR SEPARATE ACCOUNTS IS MADE APPLICABLE TO FY 1968 BY THE CONTINUING RESOLUTION. (SPECIAL INSTRUCTIONS FOR DOLLAR ACCOUNTABILITY IN THE CASE OF WEST AND CENTRAL AFRICAN MONETARY UNIONS ARE INCLUDED IN REF (B) AND ARE UNDER REVIEW, AS ARE SOUTHERN AFRICA AND EASTERN CARIBBEAN CURRENCY UNION CASES. FURTHER GUIDANCE FOR

CASES SUCH AS THESE IS BEING DEVELOPED. NOTE ALSO THAT IF THE CASH TRANSFER ASSISTANCE AGREEMENT DOES NOT PROVIDE FOR LOCAL CURRENCY DEPOSITS, SEPARATE LOCAL CURRENCY ACCOUNTS ARE NOT REQUIRED.) THE HOUSE APPROPRIATIONS COMMITTEE REPORT ACCOMPANYING THE CONTINUING RESOLUTION ALSO DIRECTS THAT DEPOSITED LOCAL CURRENCY BE TRACKABLE AND NOT BE COMMINGLED. THE SENATE APPROPRIATIONS COMMITTEE REPORT EXPRESSES CONCERN OVER THIRD COUNTRY COMPETITION WITH U.S. EXPORTS WITH REFERENCE TO THE USE OF CASH TRANSFER DOLLARS.

4. DISBURSEMENT OF DOLLARS SHALL BE MADE BY AID UPON RECIPIENT'S REQUEST AFTER SATISFACTION OF ANY CONDITIONS PRECEDENT. RECIPIENTS OF CASH TRANSFERS WILL BE EXPECTED TO ACCOUNT FOR THE DISPOSITION OF DOLLARS AFTER DISBURSEMENT BY AID. IN ALL CASES, THE DOLLAR ACCOUNT INTO WHICH THE FUNDS ARE DEPOSITED AND FROM WHICH THE FUNDS ARE RELEASED FOR AGREED-UPON USES MUST BE SEPARATE, AND THE FUNDS MAY NOT BE COMMINGLED. PRIOR TO THE USE OF ANY DOLLARS FROM A SEPARATE ACCOUNT, AID AND THE RECIPIENT WILL AGREE ON THE GENERAL USES OF THE DOLLARS AND SUCH USES WHEREVER POSSIBLE WILL BE IDENTIFIED IN THE CASH TRANSFER ASSISTANCE AGREEMENT. DOCUMENTATION PURSUANT TO THE AGREEMENT MAY AMPLIFY REQUIREMENTS, BUT PREFERABLY SHOULD NOT SUBSTITUTE FOR AN UNDERSTANDING ON USES IN THE PRINCIPAL AGREEMENT. AGREEMENTS SHOULD ALSO REFLECT THAT, AS A MATTER OF AID POLICY, DOLLAR OR LOCAL CURRENCY SEPARATE ACCOUNTS ARE TO BE INTEREST-BEARING, TO THE EXTENT SUCH ACCOUNTS ARE PERMITTED UNDER HOST COUNTRY LAW OR REGULATION AND, IN THE CASE OF LOCAL CURRENCY ACCOUNTS, DO NOT UNDERMINE INTERNATIONALLY-SUPPORTED STABILIZATION AGREEMENTS OF SOUND MONETARY POLICY. ANY INTEREST EARNED ON DOLLAR OR LOCAL CURRENCY ACCOUNTS MUST BE PROGRAMMED AND USED AS IF IT WERE PRINCIPAL.

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FM SECSTATE WASHDC
TO AID WFO/LC/IDE

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E.O. 12356: N/A

SUBJECT: ESF CASH TRANSFER ASSISTANCE - AMPLIFIED
POLICY GUIDANCE

REF: A) STATE 52618 (E) STATE 129933 (NOTAL)
IC: 33 STATE 246904

1. FOLLOWING IS A REVISED AND AMPLIFIED AID POLICY INSTRUCTION REGARDING ESF CASH TRANSFERS. IT IMPLEMENTS THE STATUTORY REQUIREMENTS REGARDING SEPARATE ACCOUNTS FOR (A) DOLLARS AND (B) ANY LOCAL CURRENCY WHICH THE RECIPIENT GOVERNMENT MAY BE REQUIRED TO DEPOSIT PURSUANT TO ESF CASH TRANSFER AGREEMENTS. IT APPLIES ONLY TO ESF CASH TRANSFERS AND NOT OTHER FORMS OF DISBURSEMENT UNDER ESF ASSISTANCE (CIPS, PROJECTS). EFFECTIVE IMMEDIATELY, THIS GUIDANCE SUPERSEDES REFERENCE (A) IN ITS ENTIRETY, AS WELL AS ANY OTHER GUIDANCE ON CASH TRANSFER SEPARATE ACCOUNTS ISSUED TO DATE.

2. WHEN USING THE TERM TO CHARACTERIZE A MODE OF AID ASSISTANCE, AID DEFINED CASH TRANSFERS AS THE FURNISHING OF RAPID-DISBURSING BALANCE OF PAYMENTS ASSISTANCE ON A CASH BASIS TO A RECIPIENT IN FURTHERANCE OF UNITED STATES NATIONAL SECURITY, ECONOMIC AND DEVELOPMENTAL OBJECTIVES. SPECIFIC PURPOSES VARY AMONG RECIPIENT COUNTRIES AS SET FORTH IN DOCUMENTATION, USUALLY A PARAGRAPHS ACCOMPANYING THE CASH TRANSFER REQUEST. CASH TRANSFER ASSISTANCE FOR BALANCE OF PAYMENTS SUPPORT PURPOSES IS TO BE DISTINGUISHED FROM PROGRAM SECTOR ASSISTANCE AS CHARACTERIZED IN REF (C), AS WELL AS CONTRIBUTIONS TO INTERNATIONAL FUNDS. CONGRESS HAS TRADITIONALLY RECOGNIZED THE UNIQUE AND VALUABLE CHARACTERISTICS OF CASH TRANSFER ASSISTANCE, AND HAS EXPLICITLY RECOGNIZED

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5. THE FAA AND FY 67 APPROPRIATIONS BILL AND THEIR LEGISLATIVE HISTORY RECOGNIZE THE DISTINCTION BETWEEN THE CASH TRANSFER ASSISTANCE MODE AND OTHER FORMS OF AID ASSISTANCE, AND MAKE IT CLEAR THAT STATUTORY PROVISIONS THAT APPLY TO PROJECT AID AND ODA ASSISTANCE, E.G. CARGO PREFERENCE, STRICT SOURCE/ORIGIN/COMPONENTRY RULES, THE COMPETITION IN CONTRACTING ACT, AND SO ON, DO NOT APPLY TO CASH TRANSFER AID, SINCE THEY ARE INCONSISTENT WITH THE CASH TRANSFER NATURE OF THE ASSISTANCE. HOWEVER, JUDGEMENTS DO HAVE TO BE MADE AS TO WHICH USES OF DOLLARS IN THE SEPARATE ACCOUNT SHOULD BE PERMITTED AND SPECIFICALLY APPROVED IN THE AGREEMENT. APPROPRIATE

PROCEDURES FOR SPECIFYING AND TRACKING USES OF DOLLARS RELEASED FROM THE SEPARATE ACCOUNT, AND ASSOCIATED ACCOUNTABILITY ARRANGEMENTS, WILL VARY, DEPENDING UPON THE NATURE OF THE ASSISTANCE, THE RECIPIENT'S FOREIGN EXCHANGE AND IMPORT REGIMES, THE INTEGRITY OF ITS ACCOUNTING SYSTEMS, THE POLITICAL ENVIRONMENT, AND OTHER FACTORS. (SEE ALSO PARAGRAPH 6 BELOW.) THE BASIC SPECTRUM OF FOREIGN EXCHANGE AND ACCOUNTABILITY REGIMES IS ESSENTIALLY CHARACTERIZED IN THE FOLLOWING SUBPARAGRAPHS. AID'S OVERALL PREFERENCE IS FOR U.S. IMPORT FINANCING WITH CASH TRANSFER DOLLARS, WHETHER THROUGH DIRECT DISBURSEMENT, REIMBURSEMENT OR AUCTION ARRANGEMENTS. DEBT SERVICE IS AN ALTERNATIVE, AS IS A BLENDING OF IMPORT FINANCING AND DEBT SERVICE IN SOME INSTANCES. IN CONCERT WITH THE RELEVANT REGIONAL BUREAU, PREFERABLY DURING THE PAID APPROVAL PROCESS, MISSIONS SHOULD REVIEW THESE REGIMES AND MAKE A JUDGEMENT AS TO WHICH MOST CLOSELY REFLECTS THE SITUATION IN THEIR RESPECTIVE HOST COUNTRIES, AND THEN PROCEED TO TAILOR DOLLAR USE AND ACCOUNTABILITY ARRANGEMENTS TO SUIT THE INDIVIDUAL COUNTRY CONTEXT WITHIN THE PARAMETERS OF THE BASIC REGIMES PROVIDED. NOTE THAT EACH OF THE APPROACHES REQUIRES ADEQUATE MONITORING AND AUDIT RIGHTS AGREED TO BY THE RECIPIENT, A MONITORING COMMITMENT BY AID STAFF, PERIODIC SUBSTANTIVE REPORTING BY THE RECIPIENT, AND DOLLAR REDEPOSIT OR OTHER REMEDIAL ACTION IN CASES OF NONCOMPLIANCE WITH THE AGREEMENT ON USES.

(A) IN THOSE RECIPIENT COUNTRIES WHERE IMPORTS, FOREIGN EXCHANGE ALLOCATIONS, AND, PREFERABLY, EXCHANGE RATES ARE STRICTLY CONTROLLED BY GOVERNMENT OR MONETARY AUTHORITIES, AND WHERE SUBSTANTIAL LIBERALIZATION OF SUCH CONTROLS IS NOT UNDERWAY OR ANTICIPATED, AID PREFERENCES THAT CASH TRANSFER DOLLARS BE USED TO FINANCE IMPORTS EITHER DIRECTLY OR ON A REIMBURSABLE BASIS. IN THE EVENT THIS IMPORTS FINANCING ARRANGEMENT IS USED:

(I) PRIORITY SHOULD BE GIVEN TO IMPORTS FROM THE U.S., WITH IMPORTS PERMITTED BY THE MISSION FROM OTHER SOURCES ON A CASE BY CASE BASIS.

(II) DOLLAR USE SHOULD NORMALLY BE LIMITED TO RAW MATERIALS, INTERMEDIATE AND CAPITAL GOODS, AND ESSENTIAL CONSUMER GOODS IMPORTS AS APPROVED BY THE MISSION, AND DOLLARS MUST NOT BE USED TO FINANCE IMPORTS, SUCH AS MILITARY OR POLICE EQUIPMENT, THAT AID COULD NOT PROCURE DIRECTLY.

(III) WHERE NEEDED, THE IMPORT APPROVAL AND VERIFICATION PROCESS SHOULD INCLUDE A PRICE CHECKING ARRANGEMENT TO ASSURE THAT U.S. FUNDS ARE NOT BEING USED TO EFFECT CAPITAL FLIGHT THROUGH OVERINVOICING.

(IV) REIMBURSEMENTS MUST BE FOR SPECIFIC IMPORT TRANSACTIONS AND SHOULD BE PART OF A TIMELY SEQUENCE FOR COMPLETING SUCH TRANSACTIONS. THIS TYPE OF

REIMBURSEMENT IS TO BE DISTINGUISHED FROM EX POST ATTRIBUTION MADE AFTER RELEASE OF DOLLARS FROM THE SEPARATE ACCOUNTS, A PROCEDURE EMPLOYED IN SOME LDC RECIPIENT COUNTRIES.

THIS APPROACH APPROXIMATES THE ONE CURRENTLY USED IN THE EL SALVADOR PROGRAM AND MAY BE APPLICABLE TO OTHER CASH TRANSFER RECIPIENTS WITH SIMILAR FOREIGN EXCHANGE/IMPORTS CONTROL ARRANGEMENTS WHERE CASH TRANSFERS ARE A SUBSTANTIAL COMPONENT OF AVAILABLE FOREIGN EXCHANGE. IMPLEMENTATION PROCEDURES DEVELOPED FOR THE EL SALVADOR PROGRAM MAY BE USEFUL AS GUIDANCE FOR OTHER MISSIONS, AND ARE AVAILABLE UPON REQUEST.

(B) IN THOSE RECIPIENT COUNTRIES WHERE SUBSTANTIAL LIBERALIZATION OF FOREIGN EXCHANGE AND IMPORTS CONTROLS IS UNDERWAY OR IS AT A RELATIVELY ADVANCED STAGE OF NEGOTIATION, AND AID WISHES TO AVOID IMPEDING OR WISHES TO SUPPORT HOST COUNTRY MOVES TOWARD OPEN MARKET FORCES, USE OF AN AUCTION OR AUCTION-LIKE MECHANISM TO DISBURSE CASH TRANSFER DOLLARS MAY BE APPROPRIATE. MANY AUCTION SYSTEMS HAVE BEEN DEVELOPED AS PART OF A SUCCESSFUL MULTIDONOR DIALOGUE WITH THE HOST GOVERNMENT, AND ARE SUPPORTED BY THOSE DONORS AND GENERAL FOREIGN EXCHANGE RESERVE OF THE RECIPIENT GOVERNMENT. AID CASH TRANSFER DOLLARS CAN BE USED TO SUPPORT AN AUCTION OR AUCTION-LIKE SYSTEM IF:

(I) CASH TRANSFER DOLLARS CAN REMAIN SEGREGATED UNTIL UTILIZED AND CAN BE TRACKED TO IDENTIFIABLE IMPORT TRANSACTIONS.

(II) AUCTION PROCEDURES PERMIT THE IMPLEMENTING AUTHORITY TO ENSURE THAT AID CASH TRANSFER DOLLARS ARE NOT USED FOR MILITARY, PARAMILITARY, OR LUXURY IMPORTS. THIS NEGATIVE LIST SHOULD BE AT LEAST AS LIMITING AS THE AID HANDBOOK 3, SUPPLEMENT D, CHAPTER 40 LISTING OF INELIGIBLE COMMODITIES (I.E., MILITARY EQUIPMENT, SURVEILLANCE EQUIPMENT, POLICE AND LAW ENFORCEMENT

COMMODITIES AND SERVICES, ABORTION EQUIPMENT AND SERVICES, LUXURY GOODS AND GAMBLING EQUIPMENT AND WEATHER MODIFICATION EQUIPMENT).

(III) THE RECIPIENT GOVERNMENT AGREES TO USE CASH TRANSFER DOLLARS, FOLLOWING EACH INDIVIDUAL AUCTION, FOR FINANCING OF U.S. IMPORT TRANSACTIONS APPROVED AT THE AUCTION AS FIRST PREFERENCE AND OTHER FREE WORLD TRANSACTIONS AS SECOND PREFERENCE. PREFERENTIAL FINANCING OF IMPORTS WILL NOT BE USED, AND IS NOT MEANT TO, REDIRECT THE ALLOCATION OF FOREIGN EXCHANGE TO ANY SPECIFIC TYPES OR SOURCES OF IMPORTS IN A MANNER INCONSISTENT WITH THE MARKET-DETERMINED NATURE OF THE FOREIGN EXCHANGE AUCTION.

BECAUSE OF THE ABOVE PROVISIONS, TOTALLY UNRESTRICTED AUCTION SYSTEMS ARE NOT APPROPRIATE MODES FOR THE USE OF CASH TRANSFER DOLLARS. ANY AUCTIONS OF AID CASH TRANSFER DOLLARS MUST PERMIT THE USE OF SEPARATE ACCOUNTS AND PROVIDE FOR TRACKABILITY.

(C) IN CERTAIN INSTANCES WHERE RECIPIENT COUNTRY DEBT SERVICE IS A SIGNIFICANT BARRIER TO GROWTH AND DEVELOPMENT, OR WHERE INSTITUTIONAL ARRANGEMENTS MAY PRECLUDE THE TRACEABLE USE OF CASH TRANSFER DOLLARS OTHERWISE, CASH TRANSFER ASSISTANCE MAY BE USED TO EFFECT DEBT SERVICE PAYMENTS. THE USE OF CASH TRANSFER DOLLARS FOR DEBT SERVICE MAY BE PARTICULARLY JUSTIFIED WHEN SUCH SERVICING WILL HAVE A SIGNIFICANT EFFECT ON LEVERAGING ADDITIONAL FLOWS OF DEVELOPMENT FINANCE.

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HOWEVER, AID SHOULD NOT CONSIDER APPROPRIATE THE USE OF CASH TRANSFER DOLLARS FOR SERVICING OF CERTAIN CATEGORICAL DEBT WHICH SHOULD BE PERCEIVED AS HAVING A HIGH PROBABILITY OF BEING REFINANCED. DEBT SERVICE IS PERMITTED SUBJECT TO THE FOLLOWING PROVISIONS:

(I) CASH TRANSFER DOLLARS MAY NOT BE USED TO COVER THE SERVICE OF LOANS OR CREDITS THAT ORIGINALLY FINANCED MILITARY IMPORTS OR OTHER MILITARY REQUIREMENTS. E.G. FMS DEBT, UNLESS, AS DETERMINED BY THE ADMINISTRATOR, SUCH USE OF CASH TRANSFERS IN INDIVIDUAL COUNTRY CASES IS RECOGNIZED BY STATUTE AS APPLIED BY LEGISLATIVE HISTORY AS VALID.

(II) SERVICE OF DEBT KNOWN TO HAVE BEEN INCURRED TO FINANCE OTHER (NONMILITARY) ITEMS THAT AID COULD NOT FINANCE BECAUSE OF SPECIFIC LEGAL PROHIBITIONS, E.G., ACQUISITION EQUIPMENT, IS PRECLUDED. THIS PROHIBITION HAS

PARTICULAR APPLICATION TO CURRENTLY OR RECENTLY CONTRACTED DEBT WHERE RELEVANT INFORMATION IS OR SHOULD BE READILY AVAILABLE TO THE MISSION AND WHERE IT MIGHT BE INFERRED THAT CASH TRANSFER FINANCING OF DEBT SERVICE COULD HAVE BEEN ANTICIPATED. IT IS NOT INTENDED TO REQUIRE A REVIEW OF THE DOCUMENTS RELATED TO THE LOANS TO BE SERVICED, A REQUIREMENT WHICH WOULD NOT BE ADMINISTRATIVELY FEASIBLE.

(III) CONSISTENT WITH THE AGREED RESTRUCTURING ARRANGEMENTS AND PAYMENTS SCHEDULING OF THE PARIS AND LONDON CLUBS, WHERE APPLICABLE, SERVICE OF DEBT OWED TO THE U.S. GOVERNMENT (EXCLUSIVE OF FMS DEBT) SHALL HAVE FIRST PRIORITY.

(IV) CASH TRANSFER DOLLARS MAY BE USED FOR SERVICING OF DEBT OWED TO MULTILATERAL DEVELOPMENT BANKS AND THE IMF, SUBJECT TO PRIOR CONCURRENCE OF THE APPROPRIATE REGIONAL ASSISTANT ADMINISTRATOR.

(V) SERVICING OF DEBT OTHER THAN THAT COVERED IN SUBPARAGRAPHS (I) THROUGH (IV) MAY BE APPROVED ON AN EXCEPTIONAL, CASE BY CASE BASIS BY THE APPROPRIATE REGIONAL ASSISTANT ADMINISTRATOR IN CONSULTATION WITH PPC.

(C) IN THE CASE OF THE RELATIVELY-ADVANCED ESF RECIPIENT COUNTRIES WHICH HAVE ESSENTIALLY MARKET-DETERMINED FOREIGN EXCHANGE ALLOCATION SYSTEMS, LIBERAL IMPORT REGIMES, AND WELL-ESTABLISHED STANDARDS OF FINANCIAL ACCOUNTABILITY, SEPARATE ACCOUNTS AND TRACKABILITY ARE STILL REQUIRED, BUT AID SHOULD AVOID ANY ACCOUNTABILITY PROCEDURES WHICH WOULD HAVE THE EFFECT OF REIMPOSING FOREIGN EXCHANGE OR IMPORT CONTROLS. EXAMPLES OF SUCH COUNTRIES INCLUDE THE NATO ALLIES WHICH AFFORD THE UNITED STATES WITH EASE OR ACCESS RIGHTS AND DEVELOPING COUNTRIES WHICH HAVE LARGELY LIBERALIZED POLICIES AND INSTITUTIONS AROUND MARKET-ORIENTED PRINCIPLES. PROCEDURES USED, DETERMINED ON A CASE BY CASE BASIS, SHOULD BE SIMPLIFIED AND BE MINIMAL BUT STILL PERMIT SEGREGATION AND TRACKING OF DOLLARS; USE OF CASH TRANSFER DOLLARS FOR DEBT SERVICE OR LARGE SCALE IMPORT TRANSACTIONS WOULD USUALLY BE APPROPRIATE IN THESE INSTANCES. SIMPLIFIED MONITORING PROCEDURES ARE ALSO APPROPRIATE IN THOSE COUNTRIES WHERE AID DOES NOT HAVE A DEVELOPMENT PRESENCE.

6. THE CASH TRANSFER ASSISTANCE AGREEMENT SHOULD

PROVIDE APPROPRIATE AUDIT AND REDEPOSIT PROVISIONS WHICH WILL SUFFICIENTLY PROTECT THE AGENCY. THE AGREEMENT

SHOULD REQUIRE A REDEPOSIT TO THE SEPARATE ACCOUNT OF FUNDS APPLIED TO A DISALLOWED USE, THIS PERMITTING SUCH FUNDS TO BE REPROGRAMMED FOR A PERMITTED USE.

RECIPIENTS WILL BE REQUIRED TO PERIODICALLY REPORT ON THE DISPOSITION OF DOLLAR FUNDS. TYPICALLY, THE REPORT SHOULD ATTEST THAT FINANCIAL DOCUMENTATION, BOOKS AND RECORDS COVERING THE USE OF DOLLAR FUNDS ARE BEING MAINTAINED OR CALLED TO BE MAINTAINED, IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND PRACTICES CONSISTENTLY APPLIED, AND ARE AVAILABLE FOR INSPECTION BY AIC OR ANY OF ITS AUTHORIZED REPRESENTATIVES AT ALL TIMES AS AID MAY REASONABLY REQUIRE FOR A PERIOD OF THREE (3) YEARS AFTER THE DATE OF LAST DISBURSEMENT BY AID UNDER THE CASH TRANSFER. FINANCIAL RECORDS SHALL BE SUITABLE, AT A MINIMUM, TO DOCUMENT THE WITHDRAWAL AND DISPOSITION OF DOLLAR FUNDS FROM THE SEPARATE ACCOUNT AND THEIR TRACKING TO FINAL ACCEPTABLE USES. FOR EXAMPLE, THIS MAY INCLUDE CENTRAL BANK AND COMMERCIAL BANK DOCUMENTS DEMONSTRATING THAT AID FUNDS WERE TRANSFERRED FROM A HOST COUNTRY CENTRAL BANK-CONTROLLED ACCOUNT TO AN ACCOUNT IDENTIFIED FOR EXTERNAL DEBT REPAYMENT, AND THAT DEBT SERVICE PAYMENTS ACTUALLY WERE MADE WITH THE TRANSFERRED DOLLARS.

7. LOCAL CURRENCY DEPOSITS MUST BE USED IN ACCORDANCE WITH FAA SECTIONS 531 (D) AND 563. SECTION 531 (C) REQUIRES THAT AT LEAST 50 PERCENT OF LOCAL CURRENCY GENERATED BY ESF CIPS OR OTHER PROGRAM ASSISTANCE SUPPORT ACTIVITIES CONSISTENT WITH SECTION 103 (S) OBJECTIVES. SECTION 605 REQUIRES THAT LOCAL CURRENCIES ASSOCIATED WITH ESF GRANT CIPS AND--BY THE PROVISIONS OF THE FY 67 CF--CASH TRANSFER ASSISTANCE BE USED TO CARRY OUT THE PURPOSES FOR WHICH NEW FUNDS AUTHORIZED BY THE FAA WOULD THEMSELVES BE AVAILABLE.

8. THE EXTENT TO WHICH MISSIONS MUST MONITOR THE ACTUAL USES OF THE LOCAL CURRENCY WILL DEPEND ON THE AGREEMENT WITH THE RECIPIENT GOVERNMENT.

(A) IF AID SHOULD CHOOSE TO DIRECTLY ASSOCIATE JOINTLY PROGRAMMED LOCAL CURRENCY WITH HOST GOVERNMENT PROJECTS OR PRIVATE SECTOR ACTIVITIES, THE MISSION SHOULD HAVE REASONABLE ASSURANCE THAT THE ACTIVITIES HAVE BEEN DESIGNED IN ACCORDANCE WITH SOUND TECHNICAL, FINANCIAL, AND ENVIRONMENTAL PRACTICES, THAT IMPLEMENTATION AND MONITORING CAPABILITIES OF THE IMPLEMENTING ENTITIES ARE

ADEQUATE, AND THAT PERIODIC AUDITS OF RELEVANT ACTIVITIES WILL BE UNDERTAKEN. PROJECTS THAT ARE FUNDED AND MONITORED BY AID WOULD PROVIDE SUCH EVIDENCE. PROJECTS FUNDED AND MONITORED BY OTHER AGENCIES ALSO USUALLY PROVIDE SUCH ASSURANCES; THE SAME APPLIES TO PROJECTS UNDERTAKEN BY STRONG, HIGHLY RESPECTED HOST GOVERNMENT OR PRIVATE SECTOR INSTITUTIONS. OTHERWISE, MISSIONS SHOULD BE PREPARED TO TAKE A MORE ACTIVE ROLE IN IMPLEMENTATION OVERSIGHT IN ADDITION TO REVIEWING THE PROJECT DOCUMENTATION AND HOST GOVERNMENT PROCEDURES PRIOR TO APPROVAL OF FUNDING FOR THE ACTIVITY. IF AND WHEN SUBSEQUENT ALLOCATIONS OF JOINTLY PROGRAMMED LOCAL CURRENCY FOR PROJECT LEVEL ACTIVITIES ARE BEING CONSIDERED, THE MISSION SHOULD TAKE THIS OPPORTUNITY TO REVIEW PROGRESS IN MOVING TOWARD PROJECT COMPLETION. PERIODIC REPORTING BY THE HOST GOVERNMENT SHOULD BE REQUIRED, AND FIELD VISITS MAY BE USEFUL IN MONITORING.

(B) IF AID AND THE RECIPIENT GOVERNMENT PROGRAM THE LOCAL CURRENCY FOR MORE GENERAL PURPOSES, FOR EXAMPLE, AN AGREEMENT THAT LOCAL CURRENCY WILL BE USED TO MEET DEVELOPMENT BUDGET REQUIREMENTS OF, SAY, THE MINISTRY OF AGRICULTURE, THE ROLE OF AID MAY BE LIMITED TO ENSURING

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THAT DOCUMENTATION EXISTS DEMONSTRATING THAT THE LOCAL CURRENCY INDEED WAS TRANSFERRED TO THE MINISTRY'S DEVELOPMENT ACCOUNT. THE MISSION NEED NOT TRACE THE FUNDS TO SPECIFIC BUDGETARY OR END-USE ITEMS SINCE AID'S DEVELOPMENT GOAL IS A LEVEL OF OVERALL FINANCIAL SUPPORT TO A PROGRAM OR INSTITUTION; INDEED, ONCE TRANSFERRED FROM A SEPARATE ACCOUNT TO A PROGRAM OR INSTITUTION, THE FUNDS WILL GENERALLY HAVE BEEN COMBINED WITH OTHER BUDGETARY FUNDS AND WILL NOT BE TRACEABLE. HOWEVER, THE MISSION SHOULD GENERALLY BE SATISFIED ON THE QUALITY OF OVERALL PROGRAM ACTIVITIES AND THE TECHNICAL AND ADMINISTRATIVE CAPABILITY OF THE IMPLEMENTING ENTITY OR ENTITIES TO CARRY OUT THE PROGRAM. FURTHERMORE, PERIODIC REPORTS ON BUDGETARY ALLOCATIONS SHOULD BE REQUIRED OVER THE PERIOD OF THE AGREEMENT TO ENABLE THE MISSION TO ASSESS COMPLIANCE WITH AGREED PRIORITIES. FINALLY, THE MISSION SHOULD ASSURE ITSELF POST HOC THAT THE GOVERNMENT HAS ACCORDED AN APPROPRIATE EMPHASIS TO PRIORITY PROGRAMS. THIS CAN THEN BE USED AS A BASIS FOR MAKING JUDGEMENTS ABOUT FUTURE LOCAL CURRENCY ALLOCATION DECISIONS.

9. TO REITERATE, AID'S RETENTION OF MONITORING AND APPROVAL RIGHTS, AS WELL AS THE RIGHT TO RECEIVE REPORTS, IS DIRECTLY RELATED TO THE PROGRAMMING BURDEN

THAT AID ASSUMES FOR ITSELF IN THE AGREEMENT DESCRIBING HOW LOCAL CURRENCY WILL BE USED. RETENTION OF THESE RIGHTS IN THE AGREEMENT SHOULD BE CONSISTENT THEM, WITH THE AGREED UPON PROGRAMMING RESPONSIBILITIES OF AID BUT, AT A MINIMUM, SHOULD BE ADEQUATE TO ENSURE THAT AID WITH TIMELY ACCESS CAN TAKE AN INDEPENDENT LOOK AT SUPPORTING DOCUMENTATION TO VERIFY THAT THE AGREEMENT ON USES OF LOCAL CURRENCY HAS NOT BEEN VIOLATED.

10. AS NECESSARY, REGIONAL BUREAUS WILL FOLLOW UP WITH COUNTRY-BY-COUNTRY GUIDANCE. AID/M AS A WHOLE WILL ALSO CONTINUE TO EVALUATE THE IMPLEMENTATION OF THIS GUIDANCE TO ENSURE CLARITY, CONSISTENCY AND CONFORMANCE WITH LEGISLATIVE INTENT, AND WILL AMEND OR UPDATE GUIDANCE AS CIRCUMSTANCES WARRANT. MISSIONS ARE INVITED TO PROVIDE COMMENTS ON THE CONTENT OF THIS GUIDANCE. A-D/M WILL RESPOND EXPEDITIOUSLY TO INQUIRIES. WHITEHEAD

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ASSISTANT
ADMINISTRATOR

July 12, 1988

HEADQUARTERS MANAGEMENT NOTICE NO. 88-44

TO: AFR Bureau Staff and Missions
FROM: *[Signature]*
AA/AFR, Charles L. Gladson
SUBJECT: Preliminary Africa Bureau Guidance
Non-Project Assistance Under the Development
Fund for Africa

I. Background and Definitions

Existing A.I.D. guidance on non-project (or program) assistance is embodied in two primary sources: Handbook 4 and Handbook 1, Part VII. Neither is adequate to meet the requirements of the new Development Fund for Africa (DFA). Handbook 4 is appropriate only for ESF balance of payments programs and Commodity Import Programs. Handbook 1, Part VII provides guidance for Program Sector Assistance, but is incomplete and out-of-date.

The purpose of this Africa Bureau guidance paper is to build on existing guidance and provide a preliminary framework for the design of non-project assistance (NPA) under the Development Fund for Africa. This guidance paper covers only one special form of non-project assistance, i.e., sector NPA financed under the DFA. It does not cover ESF non-project assistance (i.e., CIP's and balance of payments cash transfers) which will still be programmed and justified on the basis of Handbook 4 requirements, although the Bureau urges missions to apply the analytic requirements outlined in this paper to ESF NPA when appropriate. It also does not cover sector project assistance. 1/ This paper should be viewed as a preliminary effort. Additional guidance will be issued by the Africa Bureau and Agency as we gain more experience with sector assistance programming.

The FY 1988 Continuing Resolution permits A.I.D. to use up to 30% of the DFA for non-project assistance: 20% without consultation with the Appropriations Committees and an additional 10% after consultation. The FY 1988 CR also makes clear that non-project assistance under the DFA can be used only to support sectoral

1/ NOTE: Sector assistance can be in the form of project, as well as non-project assistance. Sector assistance projects can also have policy or institutional reform objectives, e.g, as illustrated by the ZATPID Project in Zambia and the Ag Production Support Project in Niger. Policy and institutional reform can be supported through either project or non-project assistance, or a combination of both.

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policy reform programs. (See Annex IIJ for specific Congressional report language on the DFA.) For purposes of the DFA, sector non-project assistance can be defined as the provision of "generalized" financial resources to assist with the implementation of agreed upon sectoral goals and objectives. Sector program assistance focuses on sector constraints and reforms to alleviate those constraints; the disbursement of funds is linked to appropriate sector-level reforms and host country actions, not to specific uses of funds. A sector for purposes of the DFA continues to be defined as in Handbook 1, Part VII, as a "set of economic activities unified by a common output narrow enough to have an analytical identity and broad enough to encompass significant investment and policy issues." "Sector" can cover a broad area like agriculture, industry, education, health, exports, or financial markets; alternatively, sector assistance can be directed to a sub-sector such as agricultural marketing, input distribution, health care financing, or child survival. In summary, DFA NPA must be used to support sectoral objectives. DFA NPA resources cannot be used to provide assistance which is justified on the basis of macro-economic imbalances. Programs will normally be directed toward specific sector-level policy and institutional reforms, although they can deal with macro-economic policy reforms which directly alleviate sectoral constraints.

Sector non-project assistance can be implemented either through (1) Commodity Import Programs; or (2) Sector Cash Grants. In both cases the sector assistance will be (a) justified on the basis of broadly defined sector requirements and in support of specific policy and institutional reforms; and (b) authorized by use of a PAAD. When the CIP mechanism is selected, the PAAD will need to include analysis verifying that there is sufficient demand for commodities (per Handbook 4). When the sector cash grant mechanism is selected, the PAAD will need to verify that the program will be implemented in a way which assures the general, as opposed to specific, uses of dollars, i.e., disbursed into a country's foreign exchange reserves, rather than used as payments for specific TA, commodities, training, or capital costs.

As noted above, sector assistance can also be provided as project assistance. In this case, dollars would be provided for the procurement of specific inputs and services deemed to be necessary to accomplish agreed-upon sectoral goals and objectives. In this case, Handbook 3 would prevail in guiding project design.

II. Design Process and Analytical Requirements

Although inputs under sector NPA programs are provided as general financial resources, the relationship between the provision of this assistance and the achievement of program outputs and purpose must be rigorously analyzed during the

design process. As part of the design process, we must thoroughly analyze the sector in question, including major constraints to achievement of sector objectives and how those constraints might be alleviated. Feasibility also must be determined in the same way that we have traditionally done for project assistance, i.e., through economic, financial, institutional, administrative, technical, and social analyses. Furthermore, because the relationship between program inputs and results are less clear under NPA than under project assistance, the development of comprehensive monitoring and evaluation plans is even more important for NPA.

The Bureau is particularly concerned that our NPA be based on a rigorous analysis of sectoral constraints. As stated in Handbook 1, Part VII, the analysis should include:

- . A discussion of the role of the sector or sub-sector in both the overall development of the host country and the assistance strategy of the USAID. This discussion should include an examination of the linkages between macro-economic policies and problems and sectoral policies and problems. It should also verify that the sector is important to the country's broader development objectives.

- . A description of the specific sectoral problems, including policy issues, investment levels (public and private), recurrent resource availabilities, and capacity of key sectoral institutions (public and private) to fulfill their roles. This analysis should clearly prioritize constraints and identify those which are most important to attack.

- . A strategy for addressing the sector's key problems and the specific changes in policy and resource availability which the program is intended to achieve. Again, the program strategy should be based on an understanding of the importance of the various constraints.

- . An assessment of the social costs and benefits of the sectoral program, focussing on the impact of the program on affected groups, including beneficiary groups and those who might be adversely affected. It is particularly important that we understand at the outset the likely deleterious, as well as positive, effects on various income and social groups.

- . An assessment of the host country's financial, political, and institutional willingness and capability for carrying out the sectoral program.

- . A discussion of the role of other donor activity in the sector and the way in which this activity complements other donor as well as A.I.D. programs;

. An implementation plan which flows from the analysis and lists specific accomplishments to be achieved at specific times, and a plan for tranching A.I.D. disbursements to these accomplishments. It is critical that we define carefully what we hope to achieve through our sector non-project assistance, both through dollar conditionality and the programming of local currency; and

. An evaluation plan which outlines how the mission plans to monitor progress in achieving program objectives, not simply in meeting disbursement conditions.

NPA design teams need to be multi-disciplinary in the same way that project design teams need to be. Within missions, economists, program officers, project development officers, technical officers, controllers, and legal staff need to be involved in the design (and implementation) process. Outside expertise will also be required in most cases to complete the necessary feasibility analyses, e.g., an agricultural economist to assess constraints and recommend appropriate price policy adjustments; a social scientist to examine probable responsiveness of smallholders to price changes and/or the impact of reforms on vulnerable groups; a business expert to analyze private business responsiveness to market liberalization, etc.

III. Documentation

As with project assistance, the Africa Bureau will use a two-phased design process for NPA: Program Assistance Initial Proposals (PAIP's) and Program Assistance Authorization Documents (PAAD's).

A. PAIP's

PAIP's should be relatively brief (no more than 20 pages) conceptual documents. They should be submitted for AID/W review as early in the fiscal year as possible, i.e., no later than January 15 of the fiscal year in which obligation is proposed. This should ensure that there is sufficient time to complete the level of sectoral analysis which is required. All PAIP's should cover the following points: relationship of proposed program to mission strategy; program rationale -- preliminary description of sector and constraints, as well as relationship of sector to broader development objectives; proposed program approach, i.e., rationale for CIP or sector grant approach; preliminary analysis of institutions which will have major implementation responsibility; preliminary identification of those who are most likely to benefit and/or be negatively affected by the program; preliminary ideas on conditionality; preliminary thoughts on

local currency programming; mission management; and design strategy. The section on design strategy should give a detailed description of analyses to be done and questions to be answered during final program design. IEE's and preliminary logical frameworks should also be submitted with the PAIP.

B. PAAD's

PAAD's will be rigorous analytic documents -- a proposed PAAD outline is attached as Annex 1. PAAD's should be based on the analytic requirements defined in Handbook 1, Part VII and summarized above in Section II. Special attention in program design must be given to defining the sector and the specific policy and institutional reforms, including benchmarks; to examining feasibility issues, including institutional and social issues; and to estimating potential impact and laying out a comprehensive monitoring and evaluation plan. Standard requirements for financing and disbursement arrangements, certified by the Controller, should also be detailed (as discussed below). A PAAD facesheet authorization, final logical framework, and NPA statutory checklist also should be included.

C. Projectized Elements of Programs

Many of our programs will include some technical assistance, training, or other project-like support which are directly related to achievement of the program objectives. In all cases these components of the program will need to be "projectized." That will mean including in the overall program document (1) a Project Paper facesheet covering the amount of projectized TA and training; (2) statutory checklist for projects; (3) project authorization, (4) sufficient description and costing of projectized elements to meet Section 611(a) requirements; and (5) description of financial management procedures for projectized elements, including a procurement plan and discussion of probable source/origin for project-funded goods and services. (per 88 State 105351 for DFA Procurement).

D. Incremental Funding

Sector NPA under the DFA will often be designed as a multi-year program, e.g., as a \$25 million program to be implemented over 3 years. However, because PAAD facesheets are funding documents and linked to OYB amounts, the amount authorized in a given year cannot exceed the amount which can be obligated that year. Therefore, we cannot simply authorize the full program amount at the outset and obligate funds incrementally as we do with project assistance.

While funding authorizations will need to be done incrementally, we want to avoid unnecessary documentation. Therefore, the initial PAAD document should justify and define the full multi-year program. Objectives and policy and institutional reforms should be clearly identified for the multi-year program. When the program is initially approved, the authorizing official (normally AA/AFR) will approve the full amount of the program, although only the first year's funding would be authorized. The PAAD would also lay out procedures for subsequent authorization amendments. In most cases, missions will be delegated responsibility to authorize subsequent year amendments. These amendments will be funding/authorization actions and must be cleared by the Office of Financial Management in AID/W, and funds must be allowed before the amendment is authorized by the Mission Director. These amendments will not be used to modify the program, and in most cases will be accomplished by a simple PAAD facesheet amendment. They will, however, specify conditionality which was generally outlined in the original multi-year PAAD. Missions may not make any substantive changes in the program objectives or conditionality without first obtaining AID/W concurrence. If substantive changes are proposed, the PAAD amendment should be sent to AID/W for authorization.

IV. Cash Disbursement Procedures

There are two programming options for sector NPA under the DFA: a CIP or cash grant. If a sector CIP is selected, it will be disbursed according to procedures outlined in Handbook 4. If, however, a sector cash grant is selected, we will need to follow new procedures for the DFA. These procedures are outlined below.

Most importantly, sector cash grants under the DFA should not be treated the same as ESF Cash Transfers. The latter are justified on the basis of balance of payments requirements, and they must comply with the legislative provisions for ESF separate accounts and tracking of dollars. In contrast, sector cash grants support policy and institutional reforms within the sector. The focus is on sectoral reform and policy dialogue as they relate to long-term development objectives, not on the specific uses of dollars. Cash management procedures should be consistent with this focus, i.e., A.I.D. should monitor and track the implementation (and impact) of sectoral reforms, not the specific uses of dollars.

Therefore, for sector cash grants, A.I.D. will disburse dollars into a country's foreign exchange accounts as conditions precedent are met. While these dollars will not be tracked to end-use, missions will be expected to institute other procedures to ensure that the programmatic and financial integrity of

sector NPA programs is maintained. These will include detailed analyses to justify programs, identification of specific reforms and implementation steps to achieve program objectives, clear conditionality, analysis of overall foreign exchange regimes and verification that efforts are being made to protect against capital flight, clear definitions of how local currency will be generated and programmed, and rigorous monitoring and evaluation of progress toward achieving sector program objectives. Discussion and analysis of these points should be included in all PAAD's.

V. Local Currency Programming and Management

Local currency programming and accountability will be important to the proper management of DFA sector assistance activities and to the achievement of program objectives. We will expect local currency to be accrued (or "generated") in either of two ways: (1) A.I.D. disbursement of dollars to the host country's general foreign exchange reserves -- local currency would then be generated by sale of this foreign exchange to private sector consumers (e.g., through a FX auction or CIP) or by deposit from the host country government of an equivalent amount of local currency into a special account; or (2) A.I.D. purchase of local currency on its own behalf (through RAMC, local commercial banks, or the host country central bank, in that order of preference).

In the first case, the host country-owned local currency would be deposited into a special account and programmed and monitored according to Agency policy and in support of the proposed sector reform program. Local currency programming should be consistent with A.I.D. policy -- see Annex II for a summary of procedures for host-country owned local currencies, i.e., covering sources, uses, and accountability. In sector NPA, the local currency should be used in support of the sector program objectives, although under exceptional circumstances, the PAAD can argue that it be used for other purposes. We would also expect a portion of the local currency accruing under DFA NPA agreements (e.g., 5-10%) to be deposited into a Trust Fund for the use of the USAID mission for OE purposes.

In the second case, the local currency would be A.I.D.-owned and A.I.D. rules for local currency funded projects would apply unless statutory language were provided to exempt their application. However, in view of the DFA source/origin exception, these would be minimal. These A.I.D.-owned local currencies which are subsequently granted or advanced to the host country for projectized assistance or budgetary support cannot be used as OE trust funds.

While there may be cases in which the second case is used, we would expect the local currency under NPA programs normally to be host country-owned and programmed as in (1) above.

VI. Coordination with World Bank

In December 1987, the World Bank announced creation of a Special Program of Assistance for the Debt-distressed, Low-income Countries of Sub-Saharan Africa. The Program is a multi-donor initiative which represents what the World Bank has termed a "realistic approach" to the crisis of poverty in Africa, emphasizing increased international assistance to countries undertaking growth-oriented adjustment. The program calls for expanded non-project assistance by bilateral donors in association with World Bank-led programs under the Policy Framework Paper (PFP).

In all instances where A.I.D. will co-finance NPA sector assistance activities with the World Bank, GC/AFR or RLA clearances must be obtained to ensure that the given activity will not constitute an augmentation of voluntary contributions made to the World Bank under Section 301 of the FAA.

A.I.D. expects to associate its sector NPA programs with the Bank in all eligible countries. This association can take any of several forms: (1) Joint Co-financing in which A.I.D. basically buys into the Bank program, depositing dollars into the same account as the Bank uses, permitting the dollars to be used according to Bank procurement regulations, and using the same conditionality as the Bank program; (2) Parallel Co-financing in which A.I.D. supports a discrete, identifiable part of the Bank's adjustment program, but manages it separately; and (3) Coordinated Financing in which A.I.D.'s non-project assistance is in a different sector than the Bank's adjustment programs(s), but is consistent with the overall Policy Framework Paper objectives and would, of course, be managed separately. An example of "coordinated financing" could be an A.I.D. Health Sector Program which deals with cost recovery and budget allocation issues. This program might not be directly related to a Bank Structural Adjustment Program, but it would help to deal with important fiscal issues within the context of the overall PFP. It would thus be "coordinated financing."

As of March 1988, 17 countries are eligible under the Bank's Special Program: Burundi, Central African Republic, Gambia, Ghana, Guinea, Guinea-Bissau, Madagascar, Malawi, Mauritania, Mozambique, Niger, Sao Tome & Principe, Senegal, Tanzania, Togo, Uganda, and Zaire. "Reserve" countries which may be added to the list over the next 12-18 months are: Comoros, Chad, Equatorial Guinea, Kenya, Mali, Sierra Leone, Somalia, Sudan, and Zambia.

Missions in the "eligible" countries are encouraged to associate their NPA activities with the broader multi-donor program. NPA PAAD's from eligible countries should discuss the relationship of their sector program to the Special Program. In all cases, whether A.I.D.'s assistance is joint co-financing, parallel co-financing or coordinated financing, A.I.D. will need to prepare separate documentation to justify authorization of funds (as outlined in Section III above). Missions may, however, draw heavily upon the Bank's analytic work and its program documentation.

With regard to conditionality, A.I.D. is buying into a larger multi-donor program associated with the Bank/IMF/HC Policy Framework Paper. Therefore, A.I.D. need not ask for "additional" conditionality. Missions are encouraged, however, to identify specific steps as conditions, which may not be explicit in the Bank program, but which are critical to achieving the objectives of the PFP.

PAAD OutlineI. Executive Summary and Recommendation

-- Summarize sector and problems to be addressed, amount and objectives of program, policy reforms expected, relationship (if any) to World Bank or other policy-related programs, period of implementation, linkage to beneficiaries, mechanism, and conditions upon which disbursements will be tranced.

II. Background

- A. Macro-economic Framework -- the analytic focus of the PAAD should be on the sector, but it should be in the context of the country's broader developmental problems and prospects. Therefore, the PAAD text should summarize the country's macro-economic situation, including economic growth conditions, the balance of payments position, the fiscal position (especially vis-a-vis budgetary constraints which affect the sector), and the general macro-economic policy environment. If the country has negotiated a Policy Framework Paper with the IMF/Bank, it should be discussed. The PAAD should also discuss the degree to which macro-economic problems are a significant constraint to development in the program sector. The PAAD narrative section on the macro-economic framework should be relatively brief; a more detailed annex can be added.
- B. Sectoral Framework of Program -- the focus of the PAAD Analysis should be on the program sector. It should deal with the analytic requirements outlined in Handbook 1, Part VII and summarized in Section II of this guidance paper. The narrative should summarize the sector, including prospects, problems, and the importance of sector to growth and development. Also, include discussion of major policies affecting the sector, i.e., those policies which are good and those which may need to be changed. Institutional and social constraints, as they relate to the sector, also need to be analyzed in the PAAD and addressed in the program.
- C. Other Donor Assistance -- discuss other donor programs related to specifics of proposed A.I.D. activity and broader sector. If the proposed program is to be associated with the World Bank's new Special Program of Assistance for the Low-Income Debt-Distressed Countries, describe the linkage here. Also include a brief discussion of major donor-supported macro-economic reform efforts, especially as they relate to sectoral constraints.

III. Program Description

A. Rationale and major problem(s) to which is program directed. This should include a detailed description of the key sectoral constraints to be addressed by the program, as well as the importance of alleviating these constraints to achieve critical development objectives. This section should also describe the relationship of the program to the mission's broader program goals and to the country's broader development efforts. (Please note that this section is not intended to duplicate Section II.B. above.)

B. Purpose -- describe what we plan to achieve by end of program; consider both policy outputs and developmental impact.

C. Implementation -- this section should clearly describe how the purpose and impact will be achieved. What are the specific policy and institutional reforms we expect to be made? What are the specific benchmarks against which we will be disbursing? When? By whom? The PAAD should clearly identify the institutions tasked with implementation responsibilities, as well as the groups which will be affected by the program, including beneficiary groups and those who might be adversely affected. What is being done to ensure that the changes are sustainable? What will be different at the end of the program? What will be the impact on more traditional development indicators? How far will the program have gone in alleviating the constraints described earlier? If the program is in parallel with other donors, describe the linkage. Describe how local currency generations are used in support of program objectives. Also, if there is a projectized element (e.g., TA or training), describe how it will be implemented and how it fits into the broader program.

D. Conditionality, disbursements, negotiating status and strategy -- e.g. describe what the conditions will be, how disbursement decisions will be made, and the status of negotiations with host country officials.

E. Monitoring and Evaluation Plan -- baseline data; performance benchmarks; schedule and methodology. This is an increasingly critical element of our DFA-funded NPA activities. We must at the end be able to demonstrate a developmental impact from our program assistance. We need to go beyond reporting that "x" policy has changed; we must begin to demonstrate that the change has made a difference and for whom it has made a difference. For example, if we are disbursing funds as policy changes are made to permit private sector road maintenance contracting, we must be able to demonstrate that roads are better maintained on a sustainable basis at the end of the program or shortly thereafter and that, ultimately, they have made an economic difference.

F. Financial Planning and Management -- this would include budgetary projections if local currency were programmed for budget support. This section would also include a detailed discussion of disbursement procedures for dollars and local currency and a local currency use plan. (See Sections V and VI in the text of this guidance for a discussion of cash management procedures for sector assistance under the DFA.)

IV. Feasibility Analyses

A. Social/Institutional Analyses -- description of institutions selected to implement the reforms; rationale for the choice and assessment of the institution's capability (mandate, functional organization, human resources, operational track record); an assessment of the implementing institution's capability to do policy analysis, to track and account for program funds; projected training or technical assistance required to enhance and sustain the institution's management and analytical capacity; identification and description of the peoples, groups, or non-implementing organizations that will be affected by the sector non-project assistance; potential social and institutional effects and expected adjustment mechanisms which will come into play indirectly or be directly assisted by the program; assessment of potential contravention of any cultural or societal norms that may affect implementation; the availability of appropriately disaggregated data on affected groups, including by gender, to permit tracking of positive and negative effects.

B. Impact Analysis -- demonstrate that planned benefits, e.g., economic growth, increased efficiency, and fiscal savings, are greater than amount of resources invested in program. This will help to verify that the reforms are "worth" the cost of the program. In addition, identify costs and benefits on different socio-economic groups and what will/can be done to minimize costs on particularly vulnerable marginal groups. Results of this analysis should be built into negotiating strategy outlined above in III.D. If studies or research are required, be sure to build into program.

C. Other Special Issues -- e.g., political parameters and impact on reform efforts, and feasibility of proposed timing of reforms, e.g., in relation to cash requirements, data availability, and political considerations.

D. Market Analyses -- for CIPs (See HB 4, 2E3B)

V. Annexes

A. PAIP Approval Cable

B. Statutory Checklist

C. Logical Framework -- this should help to summarize rationale for and results expected from the sector program.

D. Request for Assistance

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HOST COUNTRY-OWNED LOCAL CURRENCY: SOURCES, USES AND ACCOUNTABILITY

TABLE 1.--Sources of Host Country-owned Local Currency and Special Account and Conversion Rate Requirements

A. Sources of L/C	Foreign Assistance Act			Public Law 480				Section 416 (G-to-G and PYO)	
	ESF	DA (Sector Assistance)	DA (Sector Assistance)	Title I	Title II Section 206 (G-to-G)	Title II Section 207 (PYO)	Title III		Food for Progress
B. Special Account Requirements	Yes, if grant funded; by Statute (Sec. 609)	Yes; by Statute	DFA: Yes; by Statute Other DA: Yes by Policy	Yes; by Policy	Yes; by Policy	No; by Policy; Not Segregated Account Required	Yes, where Practicable; by Statute	No; by DCC	G-to-G: Yes, by Policy; PYO: No; by Policy (Segre. Acct.)
C. Conversion Rate Requirements	The FX rate is the highest rate not unlawful that is available to anyone in the recipient country. (07 State 186082)			The FX rate is the rate at which the central monetary authority of the importing country, or its authorized agent, sells FX for L/C in connection with the commercial import of the same commodities. (07 State 186082)					

TABLE 2.--Authorized/Required Uses and Prohibited Uses of Host Country-owned Local Currency

A. Authorized/Required Uses	Foreign Assistance Act		Public Law 480				Section 416	
	ESF	UA	Title I	Title II Section 206	Title II Section 207	Title III		Food for Progress
	<p>Not less than 50% of L/C must support activities consistent with the objectives of Sec. 103-106 of the FAA. (Sec. 53114)</p> <p>In El Salvador, all L/C must be used for projects assisting agrarian reform and the agricultural sector; judicial reform; employment generation; health, education, and other social services; infrastructure repair; or credit and other support to the private sector. (Sec. 702(e))</p> <p>Uses must be consistent with the intent and purposes of the FAA.</p>		<p>L/C must support economic development, with an emphasis on: improving the lives of the poorest; programs in agriculture and rural development, nutrition, and population planning; farmer-to-farmer program (Sec. 406(a)(1)); and private sector development. (Sec. 106(b))</p> <p>L/C may be used to implement self-help measures.</p>	<p>Activities for (1) alleviating the causes of the need for the assistance; (2) increasing the effectiveness of food distribution and the availability of food commodities provided under Section 206 in the neediest individuals; or (3) improving health (including immunizations).</p>	<p>L/C must be used by non-profit voluntary agency or cooperative to (1) transport, store, and distribute the commodities provided under Title II, and (2) implement income generating, community development, health, nutrition, cooperative development, agricultural programs, and other developmental activities.</p>	<p>L/C must be used for purposes described in the approved country food for Development Program (Sec. 305(a)), which should support agriculture and rural development, nutrition, health (including immunization), population planning, and the farmer-to-farmer program (Sec. 406(a)(1)).</p>	<p>L/C is not available for joint programming. (DCC)</p>	<p>Activities: (1) consistent with providing food assistance to needy people; and (2) carried out by non-profit and voluntary agencies or cooperative to enhance the effectiveness of transportation, nutrition, and use of Sec. 416 commodities, including food for work programs and cooperative and agricultural projects.</p>
B. Prohibited Uses	Police training (Sec. 660(e)) and military or paramilitary purposes or pensions; OR Trust Funds in Senegal. (DC) 1/27/88		OR Trust Funds (DC) 3/7/88				OR Trust Funds (Sec. 416(b)(7))	

ANNEX II

TABLE 3 -- Accountability and Reporting Requirements

A. <u>Project Support</u> (including budget line items)	Foreign Assistance Act and PL 480		Food for Progress	Section 415
	A.I.D.; Other Donor; and Strong, Highly Respected Private or Public Institutions	All Other Projects		
	<p>1. Missions can normally be assured that:</p> <ul style="list-style-type: none"> a. technical, financial, administrative, and accounting standards are acceptable; b. implementing entities are adequate; c. periodic audits and field visits will be conducted. 	<p>1. Missions must:</p> <ul style="list-style-type: none"> a. review project documentation to assure that technical, financial, administrative, and accounting standards are adequate; b. oversee project implementation; and c. undertake periodic field visits and receive required reports from host country. 	N/A	<p>FAA and PL 480 requirements apply.</p> <p>Host government must submit summary statement on how the L/C was used.</p> <p>USDA must submit report to Congress on L/C uses annually. (Sec. 415(b)(7))</p>
	<p>2. Missions should review with the host government the specific procedures for programming, releasing, and controlling the L/C, and for monitoring and evaluating implementation of specific activities (including reporting requirements). These procedures should be reflected in the Agreement.</p>			
B. <u>Non-Project Support</u> (sub-sectoral, sectoral, and budget support)	<p>1. Missions must be satisfied that:</p> <ul style="list-style-type: none"> a. the quality of the overall sectoral activities and the technical and administrative capability of the implementing entities are satisfactory; b. the host government's programming and budgeting system provides reasonable assurance that mutually agreed upon objectives will be achieved; and c. the host government will not allocate fewer other resources to priorities financed by jointly programmed L/C, based on progress reports on budgetary allocations required periodically. <p>2. Missions should review with the host government the general procedures for programming, releasing, and controlling the L/C, and for monitoring and evaluating implementation of the program (including reporting requirements). These procedures should be reflected in the Agreement.</p> <p>3. Missions need not trace funds to ultimate end use, but documentation must exist demonstrating that L/C was transferred from the special account to the appropriate development account at which point funds become combined.</p> <p>4. For PL 480 (Titles I, II, and III) host government must submit report to U.S. on proceeds collected and expended.</p> <ul style="list-style-type: none"> a. for Title I, independent review by U.S. is <u>not</u> required. b. for Title II, Sections 206 and 207, and Title III, U.S. can review records to assure L/C was used for agreed upon purposes; a report on L/C uses must be submitted to Congress. 			
	<p>Foreign Assistance Act</p>		<p>Public Law 480</p>	
C. <u>OR Trust Funds</u>	<p>1. Missions must report on uses of trust funds to host country. (HR 19, Chap. 5)</p> <p>2. FAR applies.</p>	<p>Prohibited</p>		<p>Prohibited</p>
D. <u>PL 480 Trust Funds</u>	<p>1. Missions must report on uses of trust funds to host country. (HR 19, Chap. 5)</p> <p>2. Program approval process applies as if appropriated dollars.</p>	<p>L/C may be placed in AID-controlled trust funds for use in financing contract costs for distribution, or monitoring distribution, of PL 480 commodities. (DCI 377/AB)</p>		<p>(See PL 480)</p>

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ANNEX III

100TH CONGRESS
1st Session

COMMITTEE PRINT

COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

FOREIGN OPERATIONS,
EXPORT FINANCING,
AND RELATED PROGRAMS
APPROPRIATIONS ACT, 1988



Prepared for the use of the Committee on Appropriations

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81-163

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than \$50,000,000 shall be made available for programs of credit and other assistance for micro-enterprises in developing countries: *Provided*, That local currencies which accrue as a result of assistance provided to carry out the provisions of the Foreign Assistance Act of 1961 and the Agricultural Trade Development and Assistance Act of 1954 may be used for assistance for micro-enterprises: *Provided further*, That such local currencies which are used for this purpose shall be in lieu of funds reserved under this heading and shall reduce the amount reserved for assistance for micro-enterprises by an equal amount.

SUB-SAHARAN AFRICA, DEVELOPMENT ASSISTANCE

For necessary expenses to carry out the provisions of sections 103 through 106 and section 121 of the Foreign Assistance Act of 1961, \$500,000,000, for assistance only for Sub-Saharan Africa, which shall be in addition to any amounts otherwise made available for such purposes: *Provided*, That any of the funds which are appropriated under this heading may be used for assistance for Sub-Saharan Africa to carry out any economic development assistance activities under the Foreign Assistance Act of 1961: *Provided further*, That assistance made available under this heading shall be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant: *Provided further*, That these objectives may, in part, be achieved through the integration of women in the development process, appropriate consultation with private voluntary organizations, African and other organizations with a local perspective on the development process, and inclusion of the perspectives and participation of those affected by the provision of assistance: *Provided further*, That assistance made available under this heading shall be provided in accordance with the policies contained in section 102 of the Foreign Assistance Act of 1961: *Provided further*, That assistance made available under this heading should be provided, when consistent with the objectives of such assistance, through African, United States and other private and voluntary organizations which have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa: *Provided further*, That assistance made available under this heading should be used to help overcome shorter-term constraints to long-term development; to promote reform of sectoral economic policies to support the critical sector priorities of agriculture; production and natural resources, health, voluntary family planning services, education, and income generating opportunities; to bring about appropriate sectoral restructuring of the Sub-Saharan African economies; to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development: *Provided further*, That assisted policy reforms should take into account the need to protect vulnerable groups: *Provided further*, That assistance made available under this heading shall be used to increase agricultural production in ways which protect and restore the natural resource base, especially food production; to maintain and improve basic

transportation and communication networks; to maintain and restore the renewable natural resource base in ways which increase agricultural production; to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care; to provide increased access to voluntary family planning services; to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education; and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas: *Provided further*, That the Administrator of the Agency for International Development should target the equivalent of 10 percent of the funds appropriated under this heading for each of the following: (1) maintaining and restoring the renewable natural resource base in ways which increase agricultural production, including components of agriculture activities which are consistent with this objective, (2) health activities, and (3) voluntary family planning: *Provided further*, That local currencies generated by the sale of imports or foreign exchange by the government of a country in Sub-Saharan Africa from funds appropriated under this heading shall be deposited in a special account established by that government: *Provided further*, That these local currencies shall be available only for use, in accordance with an agreement with the United States, for development activities which are consistent with the policy directions of section 102 of the Foreign Assistance Act of 1961 and for necessary administrative requirements of the United States Government: *Provided further*, That in order to carry out the purposes of this heading, section 604(a) of the Foreign Assistance Act of 1961, and similar provisions of law, shall not apply with respect to the implementation of assistance activities consistent with the purposes of this heading: *Provided further*, That the funds made available under this heading shall be provided only on a grant basis.

SOUTHERN AFRICA, DEVELOPMENT ASSISTANCE

For necessary expenses to carry out the provisions of sections 103 through 106 of the Foreign Assistance Act of 1961, \$50,000,000, which shall be made available, without regard to section 518 of this Act and section 620(q) of the Foreign Assistance Act of 1961, only to assist sector projects supported by the Southern Africa Development Coordination Conference (SADCC) to enhance the economic development of the nine member states forming that regional institution: *Provided*, That at least 50 percent of that amount shall be made available for the transportation sector and the remaining amount shall be made available for one or more of the following sectors: manpower development; agriculture and natural resources; energy (including the improved utilization of electrical power sources which already exist in the member states and offer the potential to swiftly reduce the dependence of those states on South Africa for electricity); and industrial development and trade (including private sector initiatives): *Provided further*, That amounts made available under this heading shall be in addition to any amounts otherwise made available for such purposes and shall be

SUB-SAHARAN AFRICA, DEVELOPMENT ASSISTANCE

The conferees agree to provide \$500,000,000 in direct appropriations for Sub-Saharan Africa, Development Assistance. The House had provided \$450,000,000 in transfers for this account.

The first twenty-five years of independence has seen little real improvement in the quality of life for the vast majority of Africa's people. Indeed, of all the regions of the world, the economic performance of Sub-Saharan Africa has brought the least in terms of economic results over this period of time. The causes for Africa's poor economic performance are varied. Any listing of those causes would have to include the pursuit of inappropriate economic policies, often exacerbated by donors and adverse developments in the world economy over which African nations have little control; rapid population growth; recurring natural disasters and the resulting erosion of the natural resource base; resource constraints that have inhibited the full development of human resources; conflict and instability; and the legacies of colonialism.

The need for a process of long-term development in Sub-Saharan Africa that is equitable, participatory, environmentally sustainable, and self-reliant remains compelling. To achieve these objectives, the conferees are in agreement that there must be fundamental changes in U.S. assistance programs for Africa. Two types of changes seem especially urgent:

1. First, there must be an assured and stable source of funding for Africa. To achieve this objective, the conferees agree to establish a separate funding account for Africa.

2. Second, there must be authority to implement programs in Africa in a more flexible fashion. To achieve this objective, the conferees agree that these funds may be used for any economic development assistance activities under the Foreign Assistance Act of 1961. The language of the bill specifically refers to "critical sector priorities." In addition, the conferees have provided greater flexibility in the procurement of goods and services with these funds.

In addition, two other points need to be reemphasized:

1. First, the role of voluntary agencies and international organizations should be emphasized. Thus, in programming funds for Africa, the conferees expect AID to consult on a regular basis with African and American private voluntary organizations that have demonstrated their effectiveness in helping to address the development problems of Africa at the community level, and to involve these and other international organizations in U.S. programs, projects and activities to the extent appropriate. In addition, emphasis should be placed on programs, projects and activities that help the poor majority of Africans in addressing their own problems.

2. Second, there is a continuing need for better international cooperation and coordination of African aid programs generally. While this issue is not addressed directly in our recommendations, the conferees encourage AID to coordinate its programs closely with those of the Multilateral Development Banks, United Nations agencies, other government donors, and private voluntary organizations.

**JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF
CONFERENCE**

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 395) making further continuing appropriations for the fiscal year 1988, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

**FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED
PROGRAMS**

Amendment No. 6: Provides for funding for foreign assistance programs for fiscal year 1988. The amendment inserts the conference agreement for Foreign Operations, Export Financing, and Related Programs for fiscal year 1988.

A summary of the title totals of the bill follows:

Because of the expanded flexibility accorded in the use of these funds, the conferees wish to emphasize a number of points. We believe assistance for Sub-Saharan Africa should focus on certain critical sectoral priorities, including: environmentally sustainable agricultural production, with special attention to the role of women; health; voluntary family planning; education; public administration and finance; and income and employment generation. Assistance under this heading should be provided in the form of direct interventions to enhance human welfare as well as indirectly through sectoral support designed to alleviate specific policy, institutional, or resource constraints in a recipient country's economy. It is expected that these approaches would be integrated into a single country strategy whose different components complement one another and where the potential short-term adverse effects of a change in policy are appropriately taken into account.

The conferees do not earmark funds for particular uses. However, since most of these funds will be used for projects that primarily address long-term constraints to development, it is the conferees' expectation that AID will allocate at least the equivalent of 10 percent of the funds appropriated by this provision for Sub-Saharan Africa for the following activities: (1) maintenance of the natural resource base, including agricultural activities which directly support this purpose, (2) improvements in health conditions, with special emphasis on the needs and education of mothers and children, and (3) voluntary family planning. The conferees encourage AID to use resources available from this funding as well as its centrally funded programs to achieve these levels.

The conferees also recognize that effective long-term development requires the support and development of indigenous institutions, especially agricultural education institutions, to train and educate Africans to address their own problems. In using amounts appropriated for Sub-Saharan Africa, the conferees expect AID, in consultation with the Board for Food and Agricultural Development, to support programs that would strengthen and develop such educational institutions.

African governments themselves have recognized that one major cause for poverty in Africa has been the adoption of inappropriate economic policies. Thus, the conferees agree that up to 20 percent of the funds available under this heading may be used for non-project assistance to support sectoral policy reform programs. In addition, if, during the consultative process with the Committees on Appropriations, the Agency for International Development justifies a requirement for using up to an additional 10 percent of the funds made available under this heading for non-project assistance in support of sectoral policy reform programs, the Committees on Appropriations will look favorably on such justifications.

Assistance for the Sahel will be funded under this heading. The conferees agree that there are continuing needs in the Sahel, and encourage AID to address those needs within the funding recommended in this bill.

It is the intent of the conferees that provisions of law that make specific reference to the development sections of the Foreign Assistance Act shall apply to these funds also. Thus, for example, provisions of law that make reference to any one or all of sections 103

through 106 and section 121 of the Foreign Assistance Act will apply to funds made available from this appropriation. For example, section 105 of the Foreign Assistance Act designates funding for assisting victims of apartheid in South Africa. Funding for such activities would be derived from the ESF and Sub-Saharan Africa accounts rather than the ESF and education and human resources development assistance accounts.

If this development effort in Sub-Saharan Africa is going to achieve its objectives, the conferees believe it must be a joint undertaking on the part of the Congress and the Executive Branch. The conferees expect AID to regularly consult with the appropriate Committees on the economic situation in Sub-Saharan Africa and the efforts being made to enhance the ability of those countries to achieve self-sustaining and equitable economic growth.

In particular, AID is directed to consult with the Committees on Appropriations on proposed country and regional allocations of funds prior to the submission of the report required by section 653(a) of the Foreign Assistance Act. In addition, the conferees direct AID to submit a report, either accompanying the section 653(a) report or as part of the annual congressional presentation, which explains the proposed functional allocation of funds in Sub-Saharan Africa for each assistance recipient, the objectives to be achieved from such assistance, and the interrelationship among the various components of the AID portfolio for a country as they relate to the achievement of overall program objectives. Since a large amount of funding for Africa is non-country specific, the report should also explain the purposes for which regional funds will be allocated and the specific countries that are expected to benefit from such funding. Finally, the report should address, in light of the flexibility in the procurement of goods and services provided, the steps being taken to procure AID-financed commodities from the United States to the extent consistent with program objectives.

The conferees wish to encourage a consultative process that is informal and self-critical. Consultations should take place on a quarterly basis, and the Committees on Appropriations are prepared to jointly participate in these informal consultations so that the concerns of each Committee are better understood by the other.

SOUTHERN AFRICA, DEVELOPMENT ASSISTANCE

The conferees agree to provide \$50,000,000 for Southern Africa, Development Assistance. The House had provided \$50,000,000 within the development assistance accounts for Southern Africa funding. The Senate provided \$30,000,000 in direct appropriations. The conferees agree to the House funding level of \$50,000,000 for Southern Africa assistance. The funding has been provided as a direct appropriation.

HAITI, DEVELOPMENT ASSISTANCE

The conferees agree to delete the House earmark of \$40,000,000 in development assistance for Haiti.

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AID/AA/FVA:OCYLKE (DRAFT)

AID/AA/SBT:WBRADY (DRAFT)

AID/AA/PRE:MPEDEN (DRAFT)

AID/AA/LAC:DINH (DRAFT)

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SUBJECT: SUPPLEMENTAL GUIDANCE ON PROGRAMMING LOCAL CURRENCY

1.00 INTRODUCTION

1.10 POLICY DETERMINATION NO. 3 (PD-3), QUOTE PROGRAMMING PL 480 LOCAL CURRENCY GENERATIONS UNQUOTE, HAS BEEN THE AGENCY'S BASIC POLICY STATEMENT GOVERNING THE USE OF MOST COUNTRY-OWNED LOCAL CURRENCY SINCE FEBRUARY 1983. THE POLICY WAS EXTENDED IN 1984 TO COVER COMMODITY IMPORT PROGRAMS (CIPS) AND CASH TRANSFERS, AND OVER THE PAST SEVERAL YEARS ADDITIONAL GUIDANCE MESSAGES HAVE ENCOURAGED MORE EFFECTIVE USE OF LOCAL CURRENCY RESOURCES INCLUDING SUPPORT OF THE PRIVATE SECTOR INITIATIVE. AID GUIDANCE ALSO ENCOURAGES APPROPRIATE INVOLVEMENT FOR AID IN THE PROGRAMMING OF LOCAL CURRENCY IN ALL COUNTRIES RECEIVING CIP, CASH TRANSFER AND PL 480 RESOURCES.

1.20 PD-3 RECOGNIZES THAT AID PARTICIPATION IN LOCAL CURRENCY PROGRAMMING IS NOT AN END IN ITSELF BUT RATHER A TOOL FOR MOVING TOWARD THE MORE IMPORTANT GOAL OF AN OVERALL MOST COUNTRY BUDGET THAT REPRESENTS A SOUND, DEVELOPMENT-ORIENTED ALLOCATION OF BUDGET RESOURCES SET WITHIN A MARKET-ORIENTED MACROECONOMIC POLICY FRAMEWORK.

1.30 THE EXPERIENCE WITH THE CURRENT GUIDANCE ITSELF, AND A GROWING RECOGNITION OF THE IMPORTANCE OF THE PROPER PROGRAMMING OF LOCAL CURRENCY ASSOCIATED WITH U.S. ASSISTANCE REQUIRES AN AMPLIFICATION OF POLICY CONTAINED IN THE PRIOR DIRECTIVES.

1.40 THIS SUPPLEMENTAL GUIDANCE COVERS MOST COUNTRY-OWNED LOCAL CURRENCY GENERATED BY, OR OTHERWISE MADE AVAILABLE FOR JOINT PROGRAMMING AS A RESULT OF, DEVELOPMENT ASSISTANCE, ECONOMIC SUPPORT FUND, OR PL 480 AGREEMENTS. LOCAL CURRENCY NOT REPEAT NOT COVERED IN THIS GUIDANCE INCLUDES (A) U.S. OWNED LOCAL CURRENCY SUCH AS COUNTRY PAYMENTS TO THE U.S. PURSUANT TO SECTION 106 OF PL 480, (B) LOCAL CURRENCY ALREADY REQUIRED TO BE JOINTLY PROGRAMMED FOR PRIVATE ENTERPRISE PROMOTION UNDER PL 480 SECTION 106 (B), AND (C) THAT PURCHASED WITH AID APPROPRIATED DOLLARS FOR DISBURSEMENT UNDER PROJECT ASSISTANCE.

1.50. THIS SUPPLEMENTAL GUIDANCE ALSO COVERS, AS A SEPARATE ITEM, LOCAL CURRENCIES HELD IN TRUST BY AID. THESE LOCAL CURRENCIES WHICH ARE LARGELY, BUT NOT EXCLUSIVELY, USED TO MEET MISSION OPERATING EXPENSE REQUIREMENTS ARE OF A SUFFICIENTLY DIFFERENT NATURE FROM LOCAL CURRENCIES WHICH ACCRUE AS A RESULT OF AID'S PROGRAM ACTIVITIES AS TO WARRANT SEPARATE TREATMENT. THUS, THE GUIDANCE ON PROGRAMMING (2.00) AND MONITORING (3.00) LOCAL CURRENCIES IS NOT, EXCEPT AS NOTED, APPLICABLE TO LOCAL CURRENCY TRUST FUNDS (4.00).

2.00 AID POLICY ON PROGRAMMING

2.10 THE MISSION AND THE HOST GOVERNMENT SHOULD AGREE ON THE APPROPRIATE DEGREE OF AID INVOLVEMENT IN PROGRAMMING LOCAL CURRENCY BEFORE ANY AGREEMENT IS SIGNED. AGENCY POLICY EXPLICITLY ENCOURAGES AID PARTICIPATION IN THE PROGRAMMING OF MOST COUNTRY-OWNED LOCAL CURRENCY TO ACHIEVE DEVELOPMENTAL OBJECTIVES. AGENCY POLICY ALSO ENCOURAGES THE INTEGRATION OF LOCAL CURRENCY WITH EXTERNAL RESOURCES (PRIMARILY FROM THE ECONOMIC SUPPORT FUND, DEVELOPMENT ASSISTANCE AND PL 480 FOOD AID) TO HELP ACHIEVE SPECIFIC PROGRAM AND POLICY

OBJECTIVES AND TO ENHANCE THE DEVELOPMENTAL IMPACT OF THE EXTERNAL RESOURCES.

2.20 AID POLICY RECOGNIZES THAT THE RECIPIENT GOVERNMENT ASSUMES PRIMARY RESPONSIBILITY FOR ALLOCATING ITS OWN BUDGETARY RESOURCES. THIS IS THE CASE WHETHER AID SPECIFIES ITS SUPPORT AT THE SECTORAL, SUBSECTORAL OR MINISTERIAL BUDGET LEVEL OR ASSOCIATES ITS PROGRAMMING INVOLVEMENT WITH INDIVIDUAL PROJECTS OR BUDGET LINE ITEMS AT THE END-USE LEVEL. IN GENERAL, THE MORE AID INVOLVEMENT IN PROGRAMMING, PARTICULARLY ON A PROJECTIZED RATHER THAN BUDGET ATTRIBUTION BASIS, THE MORE AID OVERSIGHT WILL BE REQUIRED. (AID MONITORING RESPONSIBILITIES ARE DISCUSSED IN SECTION 3.00).

2.30. MISSIONS SHOULD BE PARTICULARLY AWARE OF INCREASING LEGISLATIVE INTEREST IN THE USES OF LOCAL CURRENCIES. IN RECENT YEARS CONGRESS HAS ENACTED LEGISLATION AFFECTING GENERALLY AID'S USE OF LOCAL CURRENCIES, AS WELL AS LEGISLATION PRESCRIBING USES FOR PARTICULAR REGIONS OR COUNTRIES. IN THE FORMER CATEGORY, ATTENTION SHOULD BE PAID TO FAA SECTION 531 (D) WHICH REQUIRES THAT NOT LESS THAN 50 PERCENT OF THE LOCAL CURRENCY DERIVED FROM PROGRAM ASSISTANCE SUPPORT ACTIVITIES CONSISTENT WITH THE OBJECTIVES OF SECTIONS 103 THROUGH 106 OF THE FAA.

2.40 AID MISSIONS MUST MAKE AN INITIAL JUDGMENT AND REACH AGREEMENT WITH THE HOST GOVERNMENT ON WHAT ARE ELIGIBLE, AND INELIGIBLE, USES OF JOINTLY PROGRAMMED LOCAL CURRENCY. LOCAL CURRENCY MUST BE PROGRAMMED CONSISTENT WITH THE INTENT AND PURPOSES OF THE FOREIGN ASSISTANCE ACT OR PL 480. ALTHOUGH MOST STATUTORY

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PROVISIONS OF THE FAA AND PL 480 GOVERN THE USE OF APPROPRIATED FUNDS AND NOT LOCAL CURRENCY WHICH IS MOST COUNTRY-OWNED. MISSIONS SHOULD BE ALERT TO CONGRESSIONAL CONCERNS EXPRESSED IN THOSE PROVISIONS AND REFRAIN FROM JOINTLY PROGRAMMING LOCAL CURRENCY FOR SPECIFIED ACTIONS PROHIBITED BY LEGISLATION GOVERNING APPROPRIATED FUNDS. IN ADDITION, THE APPROPRIATE AGREEMENT SHOULD PROHIBIT THE USE OF LOCAL CURRENCY QUOTE GENERATIONS UNQUOTE FOR POLICE TRAINING PURSUANT TO FAA SECTION 86B, AS WELL AS THE USE OF JOINTLY PROGRAMMED LOCAL CURRENCY FOR MILITARY OR PARAMILITARY PURPOSES.

2.60 WHEN MISSIONS ADOPT A LESS INVOLVED, LESS DETAILED PROGRAMMING APPROACH, AT A HIGHER LEVEL OF AGGREGATION THAN INDIVIDUAL PROJECTS OR ACTIVITIES, MISSIONS SHOULD

GENERALLY BE SATISFIED THAT THE HOST GOVERNMENT'S PROGRAMMING AND BUDGETING SYSTEM GIVES AID REASONABLE ASSURANCE THAT MUTUALLY AGREED-UPON OBJECTIVES WILL BE ACHIEVED. IF PROGRAM SUPPORT IS DEFINED IN SECTORAL TERMS, THE MISSION MUST GENERALLY SATISFY ITSELF ON THE QUALITY OF OVERALL SECTORAL ACTIVITIES AND THE TECHNICAL AND ADMINISTRATIVE CAPABILITY OF THE IMPLEMENTING ENTITY OR ENTITIES TO CARRY OUT THE PROGRAM. WHEN THE HOST GOVERNMENT'S ACCOUNTING ARRANGEMENTS NEED IMPROVEMENT, MISSIONS ARE ENCOURAGED TO JOINTLY PROGRAM LOCAL CURRENCIES OR OTHER RESOURCES, AS APPROPRIATE, TOWARDS STRENGTHENING THESE SYSTEMS.

2.60 BUDGETARY RESOURCES ARE FUNGIBLE, AND THEREFORE MISSIONS SHOULD BE ALERT TO ENSURE THAT ABSENT SPECIAL CIRCUMSTANCES THE RECIPIENT GOVERNMENT DOES NOT ALLOCATE FEWER RESOURCES TO SUPPORT PRIORITY ACTIVITIES FINANCED BY JOINTLY PROGRAMMED LOCAL CURRENCY. EVEN WHEN THE OVERALL GOVERNMENT BUDGET REMAINS CONSTANT OR IS REDUCED FROM PREVIOUS ANNUAL LEVELS, MISSION MONITORING CAN HELP TO ENSURE THAT THESE IMPORTANT ACTIVITIES CONTINUE TO RECEIVE AN APPROPRIATE SHARE OF THE REDUCED LEVEL OF RESOURCES A SHARE MADE POSSIBLE BY THE LOCAL CURRENCY ASSOCIATED WITH THE U.S. FOREIGN ASSISTANCE PROGRAM.

2.70 JOINTLY PROGRAMMED LOCAL CURRENCY MAY BE USED TO HELP MEET THE HOST COUNTRY'S CONTRIBUTION TO AID OA AND ESF PROJECTS, INCLUDING THE MANDATORY CONTRIBUTION REQUIRED UNDER FAA SECTION 118. LOCAL CURRENCY MAY ALSO BE USED TO SUPPORT ACTIVITIES FUNDED BY OTHER OECD AND MULTILATERAL DONORS. A DECISION TO ALLOCATE LOCAL CURRENCY TO AID AND OTHER DONORS' PROJECTS, IN FACT, MAY BE ESPECIALLY WISE WHEN THE MISSION DETERMINES THAT A MORE DIRECT INVOLVEMENT AT THE PROJECT OR LINE ITEM LEVEL IS APPROPRIATE. THE HOST GOVERNMENT AND AID SHOULD ASSURE THEMSELVES THAT DONOR PROJECTS MEET ACCEPTABLE TECHNICAL, FINANCIAL, ADMINISTRATIVE, AND ACCOUNTING STANDARDS AND THAT LOCAL CURRENCY ALLOCATIONS TO SUPPORT THESE PROJECTS, THEREFORE, ARE LIKELY TO BE EFFECTIVELY UTILIZED. THE FACT THAT PROJECTS ARE FUNDED AND MONITORED BY OTHER DONORS OR UNDERTAKEN BY STRONG, HIGHLY RESPECTED HOST GOVERNMENT OR PRIVATE SECTOR INSTITUTIONS WOULD GENERALLY PROVIDE SUCH ASSURANCES.

2.80 JOINTLY PROGRAMMED LOCAL CURRENCY SHOULD BE DISBURSED AS QUICKLY AS IS CONSISTENT WITH SOUND PROGRAMMING AND PREVAILING ECONOMIC CONDITIONS IN THE RECIPIENT COUNTRY, TAKING INTO ACCOUNT THE CONDITIONS OF

AN ECONOMIC STABILIZATION PROGRAM THAT MAY HAVE BEEN NEGOTIATED. HOWEVER, DISBURSEMENT DELAYS DO OCCUR ON OCCASION UNAVOIDABLY. THEREFORE, AID POLICY FAVORS THAT LOCAL CURRENCY BE PLACED INTO AN INTEREST-BEARING ACCOUNT IN A DEPOSIT-MAKING INSTITUTION, WITH ANY

INTEREST EARNED PROGRAMMED AS IF IT WERE PRINCIPAL, SO LONG AS SUCH ACCOUNTS ARE PERMITTED UNDER HOST COUNTRY LAW AND REGULATION AND DO NOT UNDERMINE INTERNATIONALLY-SUPPORTED STABILIZATION AGREEMENTS AND SOUND MONETARY POLICY. A DETERMINATION NOT TO FOLLOW AID'S PREFERENCE FOR INTEREST-BEARING ACCOUNTS MAY BE MADE BY THE HIGHEST AID OFFICIAL AT POST. COPIES OF EACH DETERMINATION SHALL BE FORWARDED TO THE APPROPRIATE REGIONAL ASSISTANT ADMINISTRATOR AND PPC/PDPR. THIS POLICY SUPERCEDES THE MORE FLEXIBLE GUIDANCE IN PD-5.

3.00 AID MONITORING

3.10 EXTENT OF INVOLVEMENT

3.11 WITH REGARD TO PL 480 ASSOCIATED LOCAL CURRENCY PROGRAMMING, AS INCLUDED IN ALL PL 480 TITLE II AND TITLE III AGREEMENTS, THE U.S. GOVERNMENT HAS THE RIGHT TO REVIEW THE RECORDS OF RECIPIENT GOVERNMENTS TO ASSURE THAT THE LOCAL CURRENCY GENERATED BY SALES HAS BEEN USED FOR AGREED-UPON PURPOSES. THE RECIPIENT GOVERNMENT IS REQUIRED TO FURNISH A REPORT ON PROCEEDS COLLECTED AND EXPENDED UNDER TITLE I.

3.12 MORE GENERALLY, MISSION DIRECTORS AND COGNIZANT AND RESPONSIBLE MISSION STAFFS, INCLUDING AS APPROPRIATE CONTROLLER AND PROGRAM OPERATIONS PERSONNEL, SHOULD REVIEW WITH THE RECIPIENT GOVERNMENT THE SPECIFIC PROCEDURES FOR PROGRAMMING, RELEASING, AND CONTROLLING THE LOCAL CURRENCY, AND FOR MONITORING AND EVALUATING THE IMPLEMENTATION OF THE SPECIFIC ACTIVITIES (INCLUDING REPORTING REQUIREMENTS). MISSIONS SHOULD SEEK TO HAVE THE RECIPIENT COUNTRY DO AS MUCH OF THE WORK OF UTILIZING AND ACCOUNTING FOR THE HOST COUNTRY-OWNED LOCAL CURRENCY AS POSSIBLE. IF THE GOVERNMENT PROCEDURES NEED IMPROVEMENT, A PORTION OF THE LOCAL CURRENCY SHOULD BE USED TO DEVELOP THE NECESSARY SYSTEMS AND PROCEDURES FOR FINANCIAL OVERSIGHT. THE MISSION AND THE HOST GOVERNMENT SHOULD WORK OUT THESE PROCEDURES AND THE RESPONSIBILITY FOR IMPLEMENTING THEM PRIOR TO SIGNING THE AGREEMENT, AND THEY SHOULD BE REFLECTED THERE AND IN SUBSEQUENT IMPLEMENTATION DOCUMENTS.

3.13 THE EXTENT TO WHICH MISSIONS MUST MONITOR THE ACTUAL USES OF THE LOCAL CURRENCY WILL DEPEND ON THE AGREEMENT WITH THE RECIPIENT GOVERNMENT.

(A) IF AID SHOULD CHOOSE TO DIRECTLY ASSOCIATE JOINTLY PROGRAMMED LOCAL CURRENCY WITH HOST GOVERNMENT PROJECTS OR PRIVATE SECTOR ACTIVITIES, THE MISSION SHOULD HAVE REASONABLE ASSURANCE THAT THE ACTIVITIES HAVE BEEN DESIGNED IN ACCORDANCE WITH SOUND TECHNICAL, FINANCIAL, AND ENVIRONMENTAL PRACTICES, THAT IMPLEMENTATION AND MONITORING CAPABILITIES OF THE IMPLEMENTING ENTITIES ARE ADEQUATE, AND THAT PERIODIC AUDITS OF RELEVANT ACTIVITIES WILL BE UNDERTAKEN. PROJECTS THAT ARE FUNDED AND MONITORED BY AID WOULD PROVIDE SUCH EVIDENCE. SIMILARLY, THE FACT THAT PROJECTS WERE FUNDED AND MONITORED BY OTHER DONORS OR UNDERTAKEN BY STRONG, HIGHLY RESPECTED HOST GOVERNMENT OR PRIVATE SECTOR INSTITUTIONS WOULD GENERALLY PROVIDE SUCH ASSURANCES. OTHERWISE, MISSIONS SHOULD BE PREPARED TO TAKE A MORE ACTIVE ROLE IN IMPLEMENTATION OVERSIGHT IN ADDITION TO REVIEWING THE PROJECT DOCUMENTATION AND HOST GOVERNMENT PROCEDURES PRIOR TO APPROVAL OF FUNDING FOR THE ACTIVITY. IF AND WHEN SUBSEQUENT ALLOCATIONS OF JOINTLY PROGRAMMED LOCAL CURRENCY FOR PROJECT LEVEL ACTIVITIES ARE BEING CONSIDERED, THE MISSION SHOULD TAKE THIS OPPORTUNITY TO REVIEW PROGRESS IN MOVING TOWARD PROJECT COMPLETION. PERIODIC REPORTING BY THE HOST GOVERNMENT

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SHOULD BE REQUIRED, AND FIELD VISITS MAY BE USEFUL IN
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(B) IF AID AND THE RECIPIENT GOVERNMENT PROGRAM THE LOCAL CURRENCY FOR MORE GENERAL PURPOSES, FOR EXAMPLE, AN AGREEMENT THAT LOCAL CURRENCY WILL BE USED TO MEET DEVELOPMENT BUDGET REQUIREMENTS OF, SAY, THE MINISTRY OF AGRICULTURE, THE ROLE OF AID MAY BE LIMITED TO ENSURING THAT DOCUMENTATION EXISTS DEMONSTRATING THAT THE LOCAL CURRENCY INDEED WAS TRANSFERRED TO THE MINISTRY'S DEVELOPMENT ACCOUNT. THE MISSION NEED NOT TRACE THE FUNDS TO SPECIFIC BUDGETARY OR END-USE ITEMS SINCE AID'S DEVELOPMENT GOAL IS A LEVEL OF OVERALL FINANCIAL SUPPORT TO A PROGRAM OR INSTITUTION; INDEED, ONCE TRANSFERRED FROM A SPECIAL ACCOUNT TO A PROGRAM OR INSTITUTION, THE FUNDS WILL GENERALLY HAVE BEEN COMBINED WITH OTHER BUDGETARY FUNDS AND WILL NOT BE TRACEABLE. HOWEVER, THE MISSION SHOULD GENERALLY BE SATISFIED ON THE QUALITY OF OVERALL PROGRAM ACTIVITIES AND THE TECHNICAL AND ADMINISTRATIVE CAPABILITIES OF THE IMPLEMENTING ENTITY OR ENTITIES TO CARRY OUT THE PROGRAM. FURTHERMORE,

PERIODIC REPORTS ON BUDGETARY ALLOCATIONS SHOULD BE REQUIRED OVER THE PERIOD OF THE AGREEMENT TO ENABLE THE MISSION TO ASSESS COMPLIANCE WITH AGREED PRIORITIES. FINALLY, THE MISSION SHOULD ASSURE ITSELF POST HOC THAT THE GOVERNMENT HAS ACCORDED AN APPROPRIATE EMPHASIS TO PRIORITY PROGRAMS. THIS CAN THEN BE USED AS A BASIS FOR MAKING JUDGMENTS ABOUT FUTURE LOCAL CURRENCY ALLOCATION DECISIONS.

3.14 TO REITERATE, AID'S RETENTION OF MONITORING AND APPROVAL RIGHTS, AS WELL AS THE RIGHT TO RECEIVE REPORTS, IS DIRECTLY RELATED TO THE PROGRAMMING BURDEN THAT AID ASSURES FOR ITSELF IN THE AGREEMENT DESCRIBING HOW LOCAL CURRENCY WILL BE USED. RETENTION OF THESE RIGHTS IN THE AGREEMENT SHOULD BE CONSISTENT, THEN, WITH THE AGREED UPON PROGRAMMING RESPONSIBILITIES OF AID BUT, AT A MINIMUM, SHOULD BE ADEQUATE TO ENSURE THAT AID WITH TIMELY ACCESS CAN TAKE AN INDEPENDENT LOOK AT SUPPORTING DOCUMENTATION TO VERIFY THAT THE AGREEMENT ON USES OF LOCAL CURRENCY HAS NOT BEEN VIOLATED. (UNDER TYPICAL P.L. 480, TITLE I AGREEMENTS, HOWEVER, REPORTS CERTIFIED BY THE COUNTRY ARE OBTAINED, RATHER THAN REQUIRING INDEPENDENT ACCESS TO THE SUPPORTING DOCUMENTATION ON THE USES OF LOCAL CURRENCY.)

3.20 SPECIAL ACCOUNTS

3.21 PL 480 TITLE I LEGISLATION DOES NOT REQUIRE RECIPIENT COUNTRIES TO DEPOSIT SALES PROCEEDS INTO SPECIAL ACCOUNTS. HOWEVER, SALES AGREEMENTS MUST INCLUDE PROVISIONS TO ASSURE THAT SALES PROCEEDS ARE USED FOR ECONOMIC DEVELOPMENT PURPOSES, AND MANY MISSION PERSONNEL BELIEVE THAT SPECIAL ACCOUNTS FACILITATE THE MONITORING OF THIS REQUIREMENT.

3.22 IN CONTRAST, PL 480 TITLE III LEGISLATION DOES REQUIRE THE ESTABLISHMENT OF SPECIAL ACCOUNTS QUOTE WHERE PRACTICABLE UNQUOTE. THE PL 480 TITLE II, SECTION 206 PROGRAM REQUIRES THE ESTABLISHMENT OF SPECIAL ACCOUNTS WITHOUT EXCEPTION.

3.23 FAA SECTION 609 REQUIRES THAT LOCAL CURRENCY GENERATED FROM THE SALE OF ANY COMMODITY PROVIDED ON A GRANT BASIS UNDER THE ECONOMIC SUPPORT FUND (ESF) BE DEPOSITED INTO A SPECIAL ACCOUNT. THE FY 1987 CONTINUING RESOLUTION REQUIRES THAT LOCAL CURRENCY GENERATED WITH FUNDS PROVIDED AS A CASH TRANSFER IN EXCESS OF 3.0 MILLION DOLLARS AFTER FEBRUARY 1, 1987, BE

DEPOSITED INTO A SPECIAL ACCOUNT AND USED IN ACCORDANCE WITH SECTION 609 OF THE FAA. SPECIAL PROVISIONS APPLY TO EL SALVADOR PURSUANT TO THE CONTINUING RESOLUTION AND SECTION 702 (C) OF THE INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1985.

3.24 IN ADDITION TO MEETING THE STATUTORY REQUIREMENTS FOR SEPARATE LOCAL CURRENCY ACCOUNTS, AS A MATTER OF GENERAL POLICY FOR JOINTLY PROGRAMMED LOCAL CURRENCY ASSOCIATED WITH OR GENERATED BY FUNDS PROVIDED UNDER THE FAA, MISSIONS SHOULD ESTABLISH SPECIAL ACCOUNTS FOR ALL SUCH LOCAL CURRENCY TO FACILITATE MONITORING AND ACCOUNTABILITY. IN THE UNLIKELY EVENT THAT SUCH ACCOUNTS WOULD BE CLEARLY COUNTERPRODUCTIVE, A WAIVER MAY BE GRANTED BY THE APPROPRIATE REGIONAL BUREAU ASSISTANT ADMINISTRATOR WHERE SPECIAL LOCAL CURRENCY ACCOUNTS ARE NOT REQUIRED BY STATUTE. THE CREATION OF A SPECIAL ACCOUNT DOES NOT SUBSTITUTE FOR THE NEED TO SEPARATELY DETERMINE THE EXTENT OF PROGRAMMING INVOLVEMENT AID WILL ASSUME IN REGARD TO THE PROCEEDS OF SUCH ACCOUNTS. ALTHOUGH SPECIAL ACCOUNTS HELP TRACKING AND ACCOUNTABILITY, THEY DO NOT GUARANTEE THAT APPROPRIATE BUDGET ALLOCATION DECISIONS WILL BE MADE BY THE RECIPIENT GOVERNMENT, NOR ARE THEY NECESSARILY ESSENTIAL FOR A MISSION TO BE ABLE TO INFLUENCE BUDGET DECISIONS.

3.25 IT CANNOT BE EMPHASIZED TOO STRONGLY THAT SPECIAL ACCOUNTS, ONCE ESTABLISHED, MUST BE CAREFULLY MONITORED. ADDITIONAL STAFF MAY OR MAY NOT BE REQUIRED TO CARRY OUT THE ADDITIONAL MANAGEMENT OR CONTROL FUNCTIONS ASSOCIATED WITH THESE ACCOUNTS. MISSIONS MUST CAREFULLY EXAMINE THEIR STAFF LEVEL AND COMPOSITION TO DETERMINE IF CHANGES WILL BE NEEDED.

4.00 TRUST FUNDS

4.10 AID HAS AUTHORITY TO ESTABLISH TRUST ACCOUNTS FOR HOST COUNTRY OWNED LOCAL CURRENCIES. IF A.I.D. MANAGES OR ADMINISTERS LOCAL CURRENCY FUNDS OWNED BY THE HOST GOVERNMENT FOR ANY REASON, THIS CAN BE DONE ONLY PURSUANT TO A TRUST FUND AGREEMENT. THE TRUST AGREEMENT ENTERED INTO BETWEEN AID AND THE HOST GOVERNMENT DEFINES THE USES TO WHICH TRUST FUNDS MAY BE PUT. THE USES MUST ALSO BE CONSISTENT WITH ANY SPECIFIC STATUTORY REQUIREMENTS (E.G., SECTION 609 OF THE FAA) WHICH MAY BE APPLICABLE TO LOCAL CURRENCIES WHICH HAVE BEEN GENERATED OR HAVE OTHERWISE ACCRUED AS A RESULT OF A FOREIGN

ASSISTANCE PROGRAM AND DEPOSITED IN THE TRUST ACCOUNT. SINCE THESE LOCAL CURRENCIES ARE ADMINISTERED BY AID AS A TRUSTEE AND ARE NOT JOINTLY PROGRAMMED WITH THE HOST GOVERNMENT, AID OWES A DUTY TO THE HOST GOVERNMENT TO ACCOUNT FOR AND REPORT PERIODICALLY TO THE HOST GOVERNMENT ON THE USES OF THE TRUST FUNDS. THIS REPORTING AND ACCOUNTING REQUIREMENT IS DESCRIBED IN CHAPTER 5, HANDBOOK 19.

4.20 TRUST FUNDS ARE PRIMARILY USED BY AID TO HELP MEET THE ADMINISTRATIVE COSTS OF ITS OVERSEAS MISSIONS. IN ADDITION, THEY HAVE PROVEN TO BE A USEFUL TOOL, FOR EXAMPLE, WHEN USED LIKE PD AND S FUNDS TO FACILITATE PROJECT DESIGN AND IMPLEMENTATION OF PROJECTS. IT IS EXPECTED THAT TRUST FUNDS WILL CONTINUE TO BE MADE AVAILABLE PRIMARILY FOR THESE PURPOSES.

4.30 TRUST FUNDS UTILIZED TO FINANCE DISCRETE NEW PROJECTS OR ACTIVITIES ARE GENERALLY NOT FAVORED BUT IT IS RECOGNIZED THAT UNDER EXCEPTIONAL CIRCUMSTANCES THEIR

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